

AMENDED IN SENATE SEPTEMBER 15, 2008

AMENDED IN SENATE JUNE 19, 2008

AMENDED IN ASSEMBLY MAY 3, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 268

**Introduced by Assembly Member Charles Calderon Committee on
Budget**

February 5, 2007

~~An act to amend Section 20822 of, to add Sections 19858.8 and 20281.7 to, and to add Chapter 19 (commencing with Section 21710) to Part 3 of Division 5 of Title 2 of, the Government Code, relating to public employees' retirement. An act to amend Sections 8879.55, 8879.56, 14556.7, 14556.75, 14556.8, and 16965 of, to add Articles 2.5 (commencing with Section 8879.52) and 11 (commencing with Section 8879.66) to Chapter 12.491 of Division 1 of Title 2 of, and to add and repeal Section 14556.85 of, the Government Code, to amend Section 99312 of the Public Utilities Code, to amend Sections 7102, 7103, 7104, and 7104.2 of the Revenue and Taxation Code, to amend Sections 182.6 and 182.7 of, and to add Article 3.7 (commencing with Section 157) to Chapter 1 of Division 1 of, the Streets and Highways Code, and to amend Sections 1678, 9250.13, and 9553.5 of, to amend, repeal, and add Sections 9554 and 9554.5 of, and to add Section 9553.7 to, the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 268, as amended, ~~Charles Calderon Committee on Budget. Public employees' retirement: Deferred Retirement Option Program. Transportation.~~

(1) Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006, general election, authorizes the issuance of \$19.925 billion of general obligation bonds for specified purposes, including \$2 billion to be transferred to the Trade Corridors Improvement Fund (TCIF) for allocation by the California Transportation Commission for infrastructure improvements along designated corridors, upon appropriation in the annual Budget Act. Eligible TCIF projects include, but are not limited to, highway capacity improvements and operational improvements, freight rail system improvements, projects to enhance the capacity and efficiency of ports, and truck corridor improvements, subject to commission determination, as specified. Existing law requires the commission to allocate TCIF funds to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources.

This bill would impose additional duties on the commission with regard to any project that receives TCIF funding, including, but not limited to, ensuring that the project meets specified air standards, and would require collaboration with the State Air Resources Board in that regard. The bill would set forth a minimum allocation schedule for approved TCIF projects, and would make the Colton Crossing project ineligible for TCIF funding under specified circumstances. The bill would require the commission and local transportation agencies to collaborate to select new projects upon the deprogramming of any TCIF project, as specified. The bill would also require the Department of Transportation, by February 18, 2009, to report to the Legislature regarding specified TCIF railroad agreements.

(2) Proposition 1B also requires that specified proceeds from the bonds be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account to be made available, upon appropriation by the Legislature, to the Department of Transportation for intercity rail projects and to certain transit operators for transportation projects and improvements, as specified.

With respect to funds appropriated from that account in the Budget Act of 2007, existing law requires the Controller to, upon appropriation

of those funds, identify and develop a list of eligible project sponsors and the amount each is eligible to receive using specified computations. Existing law requires an eligible project sponsor to submit certain information to the Department of Transportation regarding the proposed project prior to seeking a disbursement of funds and requires the department to conduct a review of that information and to biannually adopt a list of eligible projects. Existing law imposes other related duties with respect to these funds on the Controller, the department, and the California Transportation Commission. Existing law makes these provisions inoperative on July 1, 2008, and repealed on January 1, 2009.

This bill would apply those provisions to funds appropriated from the account in the Budget Act of 2008 and would make other conforming changes. The bill would make these provisions inoperative on July 1, 2009, and repealed on January 1, 2010.

(3) Proposition 1B also provides for \$1 billion for the State-Local Partnership Program to be allocated by the California Transportation Commission to eligible transportation projects nominated by transportation agencies, subject to appropriation by the Legislature of moneys from the State-Local Partnership Program Account. Existing law requires a dollar-for-dollar match of local funds for projects funded with these bond funds.

This bill would describe the categories of projects that may be funded through the State-Local Partnership Program, create continuously appropriated subaccounts within the State-Local Partnership Program Account for those purposes, thereby making an appropriation, establish which entities are eligible to apply for funding, establish specified allocations pursuant to a geographical and revenue-based or population-based formula or on a competitive basis, establish timelines for expenditure of the funds, and provide for the reallocation of funding if those timelines are not met. The bill would limit the amount of bond funding for a single project under the competitive portion of the program to \$1,000,000 in a single funding cycle. The bill would define eligible local matching funds under the program for purposes of the required dollar-for-dollar match. The bill would require the commission to include in its annual report to the Legislature a summary of its activities related to the program, as specified. The bill would also set forth a statement of legislative intent with regard to the program.

(4) Existing law, until July 1, 2008, authorizes the Department of Transportation, in order to provide adequate cash for transportation

projects and for support of the department, to transfer funds among 4 specified transportation funds or accounts as short-term loans, subject to any terms and conditions imposed by the Director of Finance. Under these provisions, a short-term loan is subject to the condition that it be repaid in full to the fund or account from which it was loaned during the same fiscal year in which the loan was made or 30 days after enactment of the Budget Act for the subsequent fiscal year; and is subject to the further condition that the loan be repaid whenever the funds are needed to meet cash expenditure needs in the loaning fund or account. These provisions are inoperative on July 1, 2008, and are repealed on January 1, 2009.

This bill would extend the inoperative and repeal dates to July 1, 2011, and January 1, 2012, respectively, thereby restoring these provisions, and would include the Transportation Deferred Investment Fund as a fund to or from which the Department of Transportation would be authorized to transfer moneys as short-term loans. The bill would also impose specified monetary limitations and repayment requirements on any short-term cash flow loan made from the General Fund to the State Highway Account.

(5) Existing law authorizes various loans from the Motor Vehicle Account, the Public Transportation Account, and the State Highway Account to the Traffic Congestion Relief Fund. Existing law also authorizes money in the Traffic Congestion Relief Fund derived from the General Fund to be loaned to the General Fund. These loans are required to be repaid, as specified.

This bill would require the Director of Transportation to report to the California Transportation Commission the amounts of loans to each fund or account that are outstanding under these provisions as of the end of each quarter.

(6) Existing law, pursuant to Proposition 116 of 1990, creates the Public Transportation Account as a trust fund in the State Transportation Fund, provides that revenues are to be deposited in the account from a specified portion of the sales taxes on gasoline and diesel fuel, and provides that moneys in the account are available for expenditure only for transportation planning and mass transportation purposes. Existing law provides that the Legislature shall appropriate these funds for specified transportation programs, including the State Transit Assistance program, under which funds are allocated by the Controller to transit operators and other agencies.

Existing law also creates the Transportation Investment Fund, which receives the portion of gasoline sales tax revenues that is dedicated to various transportation purposes by Article XIX B of the California Constitution. Twenty percent of these revenues are transferred to the Public Transportation Account.

This bill would continuously appropriate the revenues to be allocated to the State Transit Assistance program from these sources.

This bill would also authorize the Director of Finance to authorize the transfer of not more than \$60 million as an interest-free loan from the Traffic Congestion Relief Fund to the Public Transportation Account, to be repaid no later than July 1, 2011, or earlier if the Traffic Congestion Relief Fund needs the funds. The bill would require the Director of Transportation to report to the California Transportation Commission the amounts of loans outstanding under these provisions as of the end of each quarter.

(7) Existing law, notwithstanding the requirement for certain gasoline sales tax revenues to be deposited in the Public Transportation Account as described in (5) above, instead requires, beginning with the 2008–09 fiscal year, and in each fiscal year thereafter, 50% of a specified portion of these revenues to be transferred to the Mass Transportation Fund.

This bill, for the 2008–09 fiscal year, would require a minimum of \$234,852,000 to be transferred each quarter to the Mass Transportation Fund from the specified revenues, notwithstanding the provision requiring 50% of those revenues to be transferred.

(8) Existing law creates the Mass Transportation Fund and the Transportation Debt Service Fund in the State Treasury for the purpose, among other things, of using transportation revenues for the payment of debt service on transportation bonds, to reimburse the General Fund for past debt service payments on transportation bonds, and for certain payments required to be made by the General Fund to transportation funds governed by Article XIX B of the California Constitution. Existing law specifies the payments that are authorized to be made from revenues available in the 2007–08 fiscal year.

This bill would revise the provisions governing the Mass Transportation Fund to specify the payments that are authorized to be made from revenues available to the fund in the 2008–09 fiscal year. The bill would revise the provisions governing the Transportation Debt Service Fund to authorize the Director of Finance to reimburse the General Fund, with moneys received in the 2008–09 fiscal year, any

amount necessary to offset the cost of debt service made in any fiscal year for transportation-related general obligation bond expenditures.

(9) Existing federal law apportions transportation funds to the states under various programs, including the Surface Transportation Program and the Congestion Mitigation and Air Quality Program, subject to certain conditions on the use of those funds. Existing law provides for a portion of these funds to be allocated by the Department of Transportation to regional transportation agencies for expenditure on local transportation projects, subject to various conditions that are administered by the department.

This bill would require the department to deduct from the funds available for allocation to regional transportation agencies the amount authorized by the Legislature for increased oversight by the department of these funds.

(10) Existing federal law, the federal Energy Tax Incentives Act of 2005, authorizes a category of tax credit bonds, Clean Renewable Energy Bonds (CREBs), to provide financing for renewable energy projects. The act provides that a bond shall not be treated as a clean renewable energy bond unless it is part of an issue that provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding. The act becomes inoperative with respect to any bond issued after December 31, 2008, and requires that 95% or more of the net proceeds of any bond issue be expended within 5 years of that issuance.

Existing law creates the Special Deposit Fund in the State Treasury. Moneys in the Special Deposit Fund are continuously appropriated to fulfill the purposes for which payments into it are made.

This bill would authorize the Department of Transportation to issue Clean Renewable Energy Bonds for purposes of financing the acquisition and installation of solar energy systems at department facilities, subject to the conditions and terms of the federal Energy Tax Incentives Act of 2005, and would authorize the department to enter into specified agreements with the California Alternative Energy and Advanced Transportation Financing Authority for those purposes, as specified. The bill would establish the Clean Renewable Energy Bonds Subaccount in the Special Deposit Fund, a continuously appropriated fund, for the purpose of receiving net proceeds from the bond issue, thereby making an appropriation. The bill would also provide that the solar energy systems are eligible for, and required to comply with, specified net energy metering or another feed-in-tariff program. The

bill would require the department to report to the Legislature annually with regard to the bond issue and the acquisition and installation of the solar energy systems, as specified. The bill would further make a statement of legislative intent.

(11) Existing law establishes fees for original and renewal registration of vehicles, and weight fees for commercial vehicles, to be collected by the Department of Motor Vehicles. Existing law requires that these fee amounts be adjusted annually by increasing each fee in an amount equal to the increase in the California Consumer Price Index, as specified.

This bill would require that any increases in these fees, enacted by legislation subsequent to January 1, 2005, be deemed to be changes to the base fee for purposes of calculating the annual fee adjustment.

Existing law also establishes various penalty fees for late registration and renewal of vehicles.

Under existing law, in addition to the other fees imposed for the registration or renewal of registration of a vehicle, additional registration and renewal fees are imposed, which are expended to support specified staffing levels of peace officer members of the Department of the California Highway Patrol (CHP) and to offset the costs of maintaining or increasing the level of uniformed field strength of the CHP.

This bill would revise the provisions relating to late fees by imposing a late penalty on the delinquent payment of these additional registration and renewal fees that would only apply to an original registration fee due, or the renewal of registration for a vehicle with an expiration date, on or after December 1, 2008. The bill would also increase from \$6 to \$18 one of the fees imposed under these provisions.

(12) This bill would declare that it is to take effect immediately as an urgency measure.

~~(1) Existing law authorizes the Department of Personnel Administration to provide for annual leave benefits with respect to each officer and employee excluded from the definition of state employee for the purposes of the Ralph C. Dills Act, which regulates state employer-employee relations. Existing law permits an employee who is excluded from the definition of state employee for the purposes of that act to make an irrevocable election, in lieu of earning sick leave and vacation benefits, to participate in the annual leave program.~~

This bill would provide that an excluded or exempt state employee of State Bargaining Unit 5, 6, 7, or 8, who participates in the Deferred

Retirement Option Program shall also participate in the annual leave program and accumulate no more than 12 hours of annual leave credits per month.

~~(2) The Public Employees' Retirement Law provides a comprehensive set of rights and benefits for various employees of the state and local agencies. That law also establishes the Public Employees' Retirement System and sets forth the provisions for its administration and the delivery of benefits to its members. Under that law, the retirement benefits of a retirement system member are based, in part, on the completed service credit and compensation received by that member.~~

~~This bill would establish the Deferred Retirement Option Program as a voluntary program in the Public Employees' Retirement System for the excluded or exempt state employees of State Bargaining Unit 5, 6, 7, or 8, as specified. The program would provide eligible members; upon retirement, access to a lump sum in addition to a monthly retirement allowance, as specified. The program would also permit a specified beneficiary to receive any remaining balance upon the death of the member.~~

~~The bill would require that the program result in a cost savings or be cost neutral to the state, direct the Public Employees' Retirement System to prepare a cost analysis of the program, as specified, and direct the Board of Administration of the Public Employees' Retirement System to implement the program on July 1, 2009, except as specified. The bill would also require the actuary to conduct a biennial valuation of the program, as specified, and authorize the Department of Personnel Administration to terminate the program if it is not cost neutral, subject to specified conditions.~~

~~(3) The Public Employees' Retirement Law provides that the state's employer contribution from the General Fund to the Public Employees' Retirement Fund shall be made quarterly. That law defines the term "compensation" for purposes of determining required contributions and benefits. That law generally requires a miscellaneous member to pay 5%, and a specified patrol and state peace officer/firefighter member to pay 8% of compensation as his or her normal retirement contribution to the Public Employees' Retirement System, subject to specified exceptions.~~

~~This bill would provide that an excluded or exempt state employee of State Bargaining Unit 5, 6, 7, or 8, who participates in the Deferred Retirement Option Program, shall not pay contributions to or receive service credit in the Public Employees' Retirement System. The bill~~

~~would also provide that the state shall not pay employer contributions from the General Fund to the Public Employees' Retirement Fund relating to these excluded or exempt state employees.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 2.5 (commencing with Section 8879.52)
2 is added to Chapter 12.491 of Division 1 of Title 2 of the
3 Government Code, to read:

4
5 Article 2.5. Trade Corridors Improvement Fund

6
7 8879.52. (a) The commission shall evaluate, consistent with
8 the commission's Trade Corridors Improvement Fund (TCIF)
9 Guidelines, adopted November 27, 2007, as part of the 2010 TCIF
10 review, the total potential costs and total potential economic and
11 noneconomic benefits of the program to California's economy,
12 environment, and public health. The commission shall consult with
13 the State Air Resources Board in order to utilize the appropriate
14 models, techniques, and methods to develop the evaluation required
15 by this subdivision.

16 (b) With respect to the two billion dollars (\$2,000,000,000)
17 appropriated from the TCIF, as described in paragraph (1) of
18 subdivision (c) of Section 8879.23, and the five hundred million
19 dollars (\$500,000,000) to be made available from the State
20 Highway Account, the following programming schedule shall
21 apply:

22 (1) The Los Angeles/Inland Empire Corridor shall receive a
23 minimum of one billion five hundred million dollars
24 (\$1,500,000,000).

25 (2) The San Diego/International Border Corridor shall receive
26 a minimum of two hundred fifty million dollars (\$250,000,000).

27 (3) The San Francisco Bay/Central Valley Corridor shall receive
28 a minimum of six hundred forty million dollars (\$640,000,000).

29 (4) Other corridors, as determined by the commission, shall
30 receive a minimum of sixty million dollars (\$60,000,000).

31 (c) The corridors referenced in subdivision (b) shall receive the
32 minimum amount of funding programmed for that corridor

1 notwithstanding the deprogramming of any project or projects in
2 that corridor by the commission. If a project is or projects are
3 deprogrammed, the commission shall collaborate with the local
4 transportation agencies in that corridor to select another project
5 or projects for programming of those funds within the minimum
6 amount provided to each corridor pursuant to subdivision (b).

7 (d) If the Colton Crossing project programmed in the
8 commission's TCIF Program as of April 10, 2008, does not meet
9 the requirements or delivery schedule contained in its project
10 baseline agreement when reviewed by the commission no later
11 than March 2010, the project shall be ineligible to receive an
12 allocation from the TCIF. The ninety-seven million dollars
13 (\$97,000,000) associated with the project shall then be available
14 for programming in the Los Angeles/Inland Empire Corridor. In
15 that event, the commission shall collaborate with the local
16 transportation agencies in that corridor to select another project
17 or projects for programming of those funds, and, in making that
18 selection, shall take into consideration the Los Angeles/Inland
19 Empire Corridor Tier One or Tier Two Project Lists and any other
20 project identified by the local agencies. Projects currently receiving
21 TCIF funding shall not be considered for selection.

22 (e) On or before February 18, 2009, the department shall report
23 to the policy committees of each house of the Legislature with
24 jurisdiction over transportation matters, a summary of any
25 memorandum of understanding or any other agreement executed
26 between a railroad company and any state or local transportation
27 agency as it relates to any project funded with moneys allocated
28 from the TCIF.

29 SEC. 2. Section 8879.55 of the Government Code is amended
30 to read:

31 8879.55. For funds appropriated for fiscal year ~~2007-08~~
32 ~~2008-09~~ in the Budget Act of ~~2007~~ 2008 from the Public
33 Transportation Modernization, Improvement, and Service
34 Enhancement Account (PTMISEA) established pursuant to
35 paragraph (1) of subdivision (f) of Section 8879.23, the following
36 shall apply:

37 (a) (1) Upon appropriation of funds from PTMISEA, the
38 Controller shall identify and develop a list of eligible project
39 sponsors, as defined in paragraph (2) of subdivision (h), and the
40 amount each is eligible to receive pursuant to the formula in

paragraph (3) of subdivision (f) of Section 8879.23. It is the intent of the Legislature that funds allocated to project sponsors pursuant to this section provide each project sponsor with the same proportional share of funds as the proportional share each received from the allocation of State Transit Assistance funds, pursuant to Sections 99313 and 99314 of the Public Utilities Code, over fiscal years 2004–05, 2005–06, and 2006–07.

(2) In establishing the amount of funding each project sponsor is eligible to receive from funds to be allocated based on Section 99313 of the Public Utilities Code, the Controller shall make the following computations:

(A) For each project sponsor, compute the amounts of State Transit Assistance funds allocated to that entity pursuant to Section 99313 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(B) Compute the total statewide allocation of State Transit Assistance funds pursuant to Section 99313 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(C) Divide subparagraph (A) by subparagraph (B).

(D) For each project sponsor, multiply the allocation factor computed pursuant to subparagraph (C) by 50 percent of the amount appropriated for allocation from PTMISEA.

(3) In establishing the amount of funding each project sponsor is eligible to receive from funds to be allocated based on Section 99314 of the Public Utilities Code, the Controller shall make the following computations:

(A) For each project sponsor, compute the amounts of State Transit Assistance funds allocated to that entity pursuant to Section 99314 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(B) Compute the total statewide allocation of State Transit Assistance funds pursuant to Section 99314 of the Public Utilities Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

(C) Divide subparagraph (A) by subparagraph (B).

(D) For each project sponsor, multiply the allocation factor computed pursuant to subparagraph (C) by 50 percent of the amount appropriated for allocation from PTMISEA.

(4) The Controller shall notify project sponsors of the amount of funding each is eligible to receive from PTMISEA for the 2007–08 2008–09 fiscal year based on the computations pursuant

1 to subparagraph (D) of paragraph (2) and subparagraph (D) of
2 paragraph (3).

3 (b) Prior to seeking a disbursement of funds for an eligible
4 PTMISEA capital project, a project sponsor on the list developed
5 pursuant to paragraph (1) of subdivision (a) shall submit to the
6 department a description of the proposed capital project or projects
7 it intends to fund with PTMISEA funds for fiscal year ~~2007–08~~
8 ~~2008–09~~. The description shall include all of the following:

9 (1) A summary of the proposed project, which shall describe
10 the benefit the project intends to achieve.

11 (2) The useful life of the project, which shall not be less than
12 the required useful life for capital assets pursuant to the State
13 General Obligation Bond Law (Chapter 4 (commencing with
14 Section 16720) of Part 3 of Division 4 of Title 2), specifically
15 subdivision (a) of Section 16727.

16 (3) The estimated schedule for the completion of the project.

17 (4) The total cost of the proposed project, including the
18 identification of all funding sources necessary for the project to
19 be completed.

20 (c) After receiving the information required to be submitted
21 under subdivision (b), the department shall review the information
22 solely to determine all of the following:

23 (1) The project is consistent with the requirements for funding
24 under paragraph (1) of subdivision (f) of Section 8879.23.

25 (2) The project is a capital improvement that meets the
26 requirements of the state's general obligation bond law and has a
27 useful life consistent with paragraph (2) of subdivision (b).

28 (3) The project, or a minimum operable segment of the project,
29 is, or will become, fully funded with an allocation of funds from
30 the PTMISEA, and the funds can be encumbered within three years
31 of the allocation based on the department's review of the project's
32 phase or schedule for completion, as submitted by the project
33 sponsor.

34 (d) (1) Upon conducting the review required in subdivision (c)
35 and determining the proposed projects to be in compliance with
36 the requirements of that subdivision, the department shall
37 biannually adopt a list of projects eligible for an allocation from
38 the funds appropriated to the account in fiscal year ~~2007–08~~
39 ~~2008–09~~.

1 (2) Upon adoption of the list by the department, the department
2 shall provide the list of projects eligible for funding to the
3 Controller.

4 (e) Upon receipt of the information required in subdivision (d),
5 the Controller's office shall commence any necessary actions to
6 allocate funds to the project sponsors on the list of projects,
7 including, but not limited to, seeking the issuance of bonds for that
8 purpose. The total allocations to any one project sponsor shall not
9 exceed that project sponsor's share of funds from the PTMISEA
10 pursuant to the formula contained in subdivision (a).

11 (f) The audit of public transportation operator finances already
12 required under the Transportation Development Act pursuant to
13 Section 99245 of the Public Utilities Code shall be expanded to
14 include verification of receipt and appropriate expenditure of bond
15 funds pursuant to this section. Each sponsoring entity receiving
16 bond funds from this account in a fiscal year for which an audit is
17 conducted shall transmit a copy of the audit to the department, and
18 the department shall make the audits available to the Legislature
19 and the Controller for review on request.

20 (g) The commission shall include in its annual report to the
21 Legislature, required by Section 14535, a summary of the state
22 agencies' activities related to the administration of funds from the
23 account, including the administration of funds made available to
24 the department for intercity rail improvements pursuant to
25 paragraph (2) of subdivision (f) of Section 8879.23. The summary,
26 at a minimum, shall include a description and the location of the
27 projects funded from the account, the amount of funds allocated
28 to each project, the status of each project, a description of the
29 public benefit expected from each project, and a designation of
30 any projects that have been subject to an audit under subdivision
31 (f). The department and project sponsors shall provide the
32 commission with necessary information for the preparation of the
33 summary required under this subdivision.

34 (h) For purposes of this section, the following terms shall have
35 the following meanings:

36 (1) "Project" means a capital improvement authorized under
37 paragraph (1) of subdivision (f) of Section 8879.23 or a transit
38 capital project, including a bus, rail or waterborne transit capital
39 project, or minimum operable segment thereof, that is consistent
40 with the project sponsor's most recently adopted short-range transit

1 plan, or other publicly-adopted plan that programs or prioritizes
2 the expenditure of funds for transit capital improvements.

3 (2) “Project sponsor” means a transit operator, including a rail
4 transit, commuter rail, bus, or waterborne transit operator, eligible
5 to receive an allocation of funds under the State Transit Assistance
6 program pursuant to Sections 99314 and 99314.3 of the Public
7 Utilities Code, or a local agency, including a transportation
8 planning agency, county transportation commission, or the San
9 Diego Metropolitan Transit Development Board, eligible to receive
10 an allocation of funds under the State Transit Assistance program
11 pursuant to Section 99313 of the Public Utilities Code.

12 (i) A project sponsor that is identified to receive an allocation
13 of funds under this section, but that does not submit a project for
14 funding in the ~~2007–08~~ 2008–09 fiscal year, may utilize its funding
15 share in a subsequent fiscal year.

16 *SEC. 3. Section 8879.56 of the Government Code is amended*
17 *to read:*

18 8879.56. This article shall become inoperative on July 1, ~~2008~~
19 2009, and, as of January 1, ~~2009~~ 2010, is repealed, unless a later
20 enacted statute, that becomes operative on or before January 1,
21 ~~2009~~ 2010, deletes or extends the dates on which it becomes
22 inoperative and is repealed.

23 *SEC. 4. Article 11 (commencing with Section 8879.66) is added*
24 *to Chapter 12.491 of Division 1 of Title 2 of the Government Code,*
25 *to read:*

26
27 *Article 11. State-Local Partnership Program*
28

29 8879.66. (a) *It is the intent of the Legislature, pursuant to*
30 *subdivision (g) of Section 8879.23, to establish criteria and*
31 *conditions for use of the funds in the State-Local Partnership*
32 *Program Account in the Highway Safety, Traffic Reduction, Air*
33 *Quality, and Port Security Fund of 2006. These criteria and*
34 *conditions shall include, but need not be limited to, eligibility of*
35 *applicants, eligibility of projects, timely use of funds, and*
36 *relationship of funds in the account to other funds for*
37 *transportation purposes.*

38 (b) *The purpose of the State-Local Partnership Program is to*
39 *do both of the following:*

1 (1) Reward “self-help” counties, cities, districts, and regional
2 transportation agencies in which voters have approved fees or
3 taxes solely dedicated to transportation improvements.

4 (2) Provide funds for a wide variety of capital projects that are
5 typically funded in local or regional voter-approved expenditure
6 plans and that provide mobility, accessibility, system connectivity,
7 safety, or air quality benefits.

8 (c) It is further the intent of the Legislature that all funds
9 available in the account, pursuant to subdivision (g) of Section
10 8879.23, shall be made available for allocation by the commission
11 over a period of five years.

12 8879.67. For purposes of this article, the following definitions
13 shall apply:

14 (a) “Program” means the State-Local Partnership Program
15 established in this article and funded pursuant to subdivision (g)
16 of Section 8879.23.

17 (b) “Uniform developer fees” means developer fees imposed
18 pursuant to existing statutory authority, including, but not limited
19 to, Chapter 5 (commencing with Section 66000) of Division 1 of
20 Title 7 and Article 5 (commencing with Section 66483) of Chapter
21 4 of Division 2 of Title 7. The developer fees must be imposed by
22 a local ordinance or resolution adopted by a city, county, or city
23 and county and must be dedicated to transportation purposes to
24 address cumulative transportation impacts. The developer fees
25 must be uniformly applied to new development within a defined
26 area or jurisdiction, except in cases in which fees are waived, such
27 as for affordable housing development. Developer fees imposed
28 to mitigate onsite impacts related to a specific development project
29 do not qualify as uniform developer fees under this subdivision.

30 8879.68. An eligible applicant under the program shall be a
31 local or regional transportation agency that has responsibility for
32 funding, procuring, or constructing transportation improvements
33 within its jurisdiction, and that does either of the following:

34 (a) Has sought and received voter approval for the imposition
35 of taxes or fees solely dedicated to transportation improvements
36 and administers those taxes or fees.

37 (b) Has imposed uniform developer fees.

38 8879.69. Eligible local matching funds required to obtain
39 funding under the program shall be obtained from revenues from
40 any voter-approved local or regional tax or fee solely dedicated

1 to transportation improvements, or from uniform developer fees.
2 Tax or fee, for purposes of this section, means a countywide or
3 citywide sales tax, a property or parcel tax in a county or counties
4 or district, and voter-approved bridge tolls or voter-approved fees
5 dedicated to specific transportation improvements.

6 8879.70. (a) Eligible projects shall include all of the following:

7 (1) Improvements to the state highway system, including, but
8 not limited to, all of the following:

9 (A) Major rehabilitation of an existing segment that extends the
10 useful life of the segment by at least 15 years.

11 (B) New construction to increase capacity of a highway segment
12 that improves mobility or reduces congestion on that segment.

13 (C) Safety or operational improvements on a highway segment
14 that are intended to reduce accidents and fatalities or improve
15 traffic flow on that segment.

16 (2) Improvements to transit facilities, including guideways, that
17 expand transit services, increase transit ridership, improve transit
18 safety, enhance access or convenience of the traveling public, or
19 otherwise provide or facilitate a viable alternative to driving.

20 (3) The acquisition, retrofit, or rehabilitation of rolling stock,
21 buses, or other transit equipment, including, but not limited to,
22 maintenance facilities, transit stations, transit guideways,
23 passenger shelters, and fare collection equipment with a useful
24 life of at least 10 years. The acquisition of vans, buses, and other
25 equipment necessary for the provision of transit services for seniors
26 and people with disabilities by transit and other local agencies is
27 an eligible project under this paragraph.

28 (4) Improvements to the local road system, including, but not
29 limited to, both of the following:

30 (A) Major roadway rehabilitation, resurfacing, or reconstruction
31 that extends its useful life by at least 15 years.

32 (B) New construction and facilities to increase capacity, improve
33 mobility, or enhance safety.

34 (5) Improvements to bicycle or pedestrian safety or mobility
35 with a useful life of at least 15 years.

36 (6) Improvements to mitigate the environmental impacts of new
37 transportation infrastructure on a locality's or region's air quality
38 or water quality, commonly known as "urban runoff," including,
39 but not limited to, the installation of catch basin screens, filters,

1 *and inserts, or other best management practices for capturing or*
2 *treating urban runoff.*

3 *(b) For purposes of the program, a separate phase or stage of*
4 *construction for an eligible project may include mitigation of the*
5 *project's environmental impacts, including, but not limited to,*
6 *soundwalls, landscaping, wetlands or habitat restoration or*
7 *creation, replacement plantings, and drainage facilities.*

8 *8879.71. (a) For purposes of distributing funds annually*
9 *appropriated by the Legislature to the State-Local Partnership*
10 *Program Account, the commission shall segregate the funds into*
11 *two separate subaccounts, which are hereby created in the account,*
12 *as follows:*

13 *(1) Ninety-five percent of the funds shall be deposited into the*
14 *Voter-Approved Taxes and Fees Subaccount and shall be made*
15 *available to eligible applicants as defined in subdivision (a) of*
16 *Section 8879.68 for expenditure on eligible projects, as approved*
17 *by the commission. Funds in this subaccount shall be distributed*
18 *by formula, pursuant to Section 8879.72.*

19 *(2) Five percent of the funds shall be deposited into the Uniform*
20 *Developer Fees Subaccount and shall be made available to eligible*
21 *applicants as defined in subdivision (b) of Section 8879.68 for*
22 *expenditure on eligible projects, as approved by the commission.*
23 *Funds in this subaccount shall be distributed through a competitive*
24 *grant application process to be administered by the commission*
25 *pursuant to Section 8879.73.*

26 *(b) Notwithstanding Section 13340, the money in the*
27 *subaccounts described in subdivision (a) are hereby appropriated,*
28 *without regard to fiscal year, to the commission for the purposes*
29 *described in subdivision (a).*

30 *8879.72. (a) To establish the funding shares for each eligible*
31 *applicant described in paragraph (1) of subdivision (a) of Section*
32 *8879.71, the commission shall do the following prior to the*
33 *commencement of a funding cycle:*

34 *(1) Determine the total amount of annual revenue generated*
35 *from voter-approved sales taxes, voter-approved parcel or property*
36 *taxes, and voter-approved bridge tolls dedicated to transportation*
37 *improvements according to the most recent available data reported*
38 *to the State Board of Equalization, the Controller, or the Bay Area*
39 *Toll Authority.*

1 (2) *Establish a northern California and southern California*
2 *share by attributing the proportional share of revenues from*
3 *voter-approved sales taxes, voter-approved parcel or property*
4 *taxes, and voter-approved bridge tolls dedicated to transportation*
5 *improvements and imposed in counties in northern California to*
6 *the northern share, and by attributing the proportional share of*
7 *revenues from voter-approved sales taxes imposed in counties*
8 *located in southern California to the southern share. The*
9 *determination of whether a county is located in northern or*
10 *southern California shall be based on the definitions set forth in*
11 *Section 187 of the Streets and Highways Code.*

12 (3) *Program funds made available to the southern share, based*
13 *on the determination in paragraph (2), shall be distributed to the*
14 *entity responsible for programming and allocating revenues from*
15 *the sales tax in proportion to the population of the county in which*
16 *the entity is located compared to the total population of southern*
17 *California counties with voter-approved sales taxes dedicated to*
18 *transportation improvements. For the purpose of calculating*
19 *population, the commission shall use the most recent information*
20 *available from the Department of Finance.*

21 (4) *Program funds made available to the northern share, based*
22 *on the determination in paragraph (2), shall be distributed as*
23 *follows:*

24 (A) *Program funds generated by voter-approved bridge tolls*
25 *and voter-approved parcel or property taxes dedicated to*
26 *transportation improvements shall be distributed to the entity*
27 *responsible for programming and allocating revenues from the*
28 *toll or tax based on the proportional share of revenues generated*
29 *by the toll or tax by that entity in comparison to the total revenues*
30 *generated by voter-approved sales taxes, voter-approved parcel*
31 *or property taxes, and voter-approved bridge tolls dedicated to*
32 *transportation improvements in northern California.*

33 (B) *Program funds generated by voter-approved sales taxes*
34 *dedicated to transportation improvements shall be distributed to*
35 *the entity responsible for programming and allocating revenues*
36 *from the sales tax in proportion to the population of the county in*
37 *which the entity is located compared to the total population of the*
38 *northern California counties with voter-approved sales taxes*
39 *dedicated to transportation improvements. For the purposes of*

1 *calculating population, the commission shall use the most recent*
2 *information available for the Department of Finance*

3 *(b) Under this section, each fiscal year in which funds are*
4 *appropriated for the program shall constitute a funding cycle.*

5 *(c) Each eligible applicant desiring to participate in the program*
6 *in any funding cycle under this section shall submit to the*
7 *commission all of the following:*

8 *(1) A description of the eligible project nominated for funding,*
9 *including a description of the project's cost, scope, and specific*
10 *improvements and benefits it is anticipated to achieve.*

11 *(2) A description of the project's current status, including the*
12 *phase of delivery the project is in at the time it is nominated for*
13 *funding and a schedule for the project's completion.*

14 *(3) A description of how the project would support*
15 *transportation and land use planning goals within the region.*

16 *(4) The amount of eligible local matching funds the applicant*
17 *is committing to the project.*

18 *(5) The amount of program funds the applicant seeks from the*
19 *program for the project.*

20 *(d) The commission shall review nominated projects under this*
21 *section and their accompanying documentation to ensure that each*
22 *nominated project meets the requirements of this article and to*
23 *confirm that each project has a commitment of the requisite amount*
24 *of eligible local matching funds as required in this article. Upon*
25 *conducting the review of the requirements and determining the*
26 *proposed projects to be in compliance with this article, the projects*
27 *shall be deemed eligible.*

28 *(e) An eligible applicant that is identified to receive an*
29 *allocation of funds under this section, but that does not submit a*
30 *project for funding in a funding cycle, may utilize its funding share*
31 *in a subsequent funding cycle.*

32 *8879.73. (a) To distribute funds from the Uniform Developer*
33 *Fees Subaccount to eligible applicants, as defined in paragraph*
34 *(2) of subdivision (a) of Section 8879.71, the commission shall*
35 *administer a competitive grant application program pursuant to*
36 *this section.*

37 *(b) Under this section, each fiscal year in which funds are*
38 *appropriated for the program shall constitute a funding cycle. To*
39 *ensure that as many eligible applicants as possible may benefit*
40 *from the competitive portion of the program, no single project*

1 shall receive more than one million dollars (\$1,000,000) in a single
2 funding cycle in which program funds are allocated by the
3 commission.

4 (c) Each eligible applicant desiring to participate in the program
5 in any funding cycle under this section shall submit to the
6 commission all of the following:

7 (1) A description of the eligible project nominated for funding,
8 including a description of the project's cost, scope, and specific
9 improvements and benefits it is anticipated to achieve.

10 (2) A description of the project's current status, including the
11 phase of delivery the project is in at the time it is nominated for
12 funding and a schedule for the project's completion.

13 (3) A description of how the project would support
14 transportation and land use planning goals within the region.

15 (4) The amount of eligible local matching funds the applicant
16 is committing to the project.

17 (5) The amount of program funds the applicant seeks from the
18 program for the project.

19 (d) The commission shall review nominated projects under this
20 section and their accompanying documentation to ensure that each
21 nominated project meets the requirements of this article and to
22 confirm that each project has a commitment of the requisite amount
23 of eligible local matching funds as required in this article. Upon
24 conducting the review of the requirements and determining the
25 proposed projects to be in compliance with this article, the projects
26 shall be deemed eligible.

27 (e) The commission shall adopt a program of projects under
28 this section that is geographically balanced and provides
29 cost-effective and multimodal, safety, reliability, and environmental
30 benefits. In allocating funds to specific projects, the commission
31 shall give priority to projects that do any of the following:

32 (1) Can commence construction or implementation of the project
33 in a manner to provide the public benefit at the earliest possible
34 date.

35 (2) Can enhance the leveragability of bond funds, by utilizing
36 a higher proportion of nonbond funds toward a project's total cost
37 than is otherwise required by this article.

38 (3) Can demonstrate quantifiable air quality improvements,
39 including, but not limited to, a demonstration that the project can
40 result in a significant reduction in vehicle-miles traveled.

1 8879.74. (a) *The commission shall adopt a program of projects*
2 *to receive allocations under this article for each funding cycle,*
3 *with allocations to projects to be initially made at the commission's*
4 *meeting in April 2009, and to be made no later than the*
5 *commission's October meeting for subsequent years.*

6 (b) *Projects receiving an allocation under the program shall*
7 *encumber funds no later than two years after the end of the fiscal*
8 *year in which an allocation is made by the commission. The*
9 *commission shall rescind an allocation to a project that fails to*
10 *comply with these requirements. Rescinded allocations of funds*
11 *shall, in the case of the program established pursuant to Section*
12 *8879.72, be made available for another eligible project proposed*
13 *by the agency that nominated the original project for funding, and,*
14 *in the case of the program established in Section 8879.73, be*
15 *reallocated to other projects during the fiscal year following the*
16 *year in which the applicable timely use of funds requirement was*
17 *not met.*

18 (c) *The commission shall develop and adopt guidelines to*
19 *implement this article, and to establish the process for allocating*
20 *funds to eligible projects under the program, consistent with this*
21 *article. Prior to adopting the guidelines, the commission shall hold*
22 *one public hearing in northern California and one public hearing*
23 *in southern California to review and provide an opportunity for*
24 *public comment on the proposed guidelines. The commission may*
25 *incorporate the hearings into its regular meeting schedule.*

26 8879.75. *Pursuant to subdivision (g) of Section 8879.23, an*
27 *eligible project funded pursuant to this article shall require a*
28 *match of one dollar (\$1) of eligible local matching funds for each*
29 *dollar of program funds applied for under this article. An applicant*
30 *may propose to use other funds for the same project, including*
31 *local, federal, or other state funds, however, those other funds*
32 *shall not be counted toward the match required by this article.*

33 8879.76. *The commission shall include in its annual report to*
34 *the Legislature, required pursuant to Section 14535, a summary*
35 *of its activities related to the administration of the program. The*
36 *summary, at a minimum, shall include the description, location,*
37 *and total cost of each project contained in the program, the amount*
38 *of bond funds allocated to each project, the status of each project,*
39 *and a description of the system improvements each project is*
40 *achieving.*

1 SEC. 5. *Section 14556.7 of the Government Code is amended*
2 *to read:*

3 14556.7. (a) To provide adequate cash for projects, including,
4 but not limited to, projects in the State Transportation Improvement
5 Program, the State Highway Operation and Protection Program,
6 and the Traffic Congestion Relief Program, and for the support of
7 the department, the department may transfer funds as short-term
8 loans among and between the State Highway Account in the State
9 Transportation Fund, the Transportation Investment Fund in the
10 State Treasury, *the Transportation Deferred Investment Fund*, the
11 Public Transportation Account in the State Transportation Fund
12 and the Traffic Congestion Relief Fund (TCRF), subject to those
13 terms and conditions that the Director of Finance may impose upon
14 those transfers. When loan balances authorized in this subdivision
15 are outstanding, the Director of Transportation shall report the
16 amounts of loans outstanding with respect to each fund or account
17 as of the last business day of each quarter to the commission. The
18 commission shall monitor the cash-flow loan program authorized
19 in this section and shall provide guidance to the department to
20 ensure that sufficient resources will be available for all projects
21 and all other authorized expenditures from each fund or account
22 so as to not delay any authorized expenditure.

23 (b) For the purposes of this section, a “short-term loan” is a
24 transfer that is made subject to the following conditions:

25 (1) That any amount loaned is to be repaid in full to the fund or
26 account from which it was loaned during the same fiscal year in
27 which the loan was made, except that repayment may be delayed
28 until a date not more than 30 days after the date of enactment of
29 ~~the budget bill~~ *annual Budget Act* for the subsequent fiscal year.

30 (2) That loans shall be repaid whenever the funds are needed
31 to meet cash expenditure needs in the loaning fund or account.

32 (c) ~~This section shall become inoperative on July 1, 2008 2011,~~
33 ~~and, as of January 1, 2009 2012, is repealed, unless a later enacted~~
34 ~~statute, that becomes operative on or before January 1, 2009 2012,~~
35 ~~deletes or extends the dates on which it becomes inoperative and~~
36 ~~is repealed.~~

37 SEC. 6. *Section 14556.75 of the Government Code is amended*
38 *to read:*

39 14556.75. (a) The Director of Finance may authorize
40 short-term *cash flow* loans from the General Fund to the State

1 Highway Account to provide adequate cash for costs funded from
2 that account. *The total outstanding loan shall not exceed two*
3 *hundred million dollars (\$200,000,000) at any point in time.*

4 Repayment of these loans shall be ~~the first obligation on revenues~~
5 ~~deposited into the State Highway Account~~ *made no later than 30*
6 *days after the date of enactment of the subsequent annual Budget*
7 *Act after any loan is made pursuant to this section.*

8 (b) *No budgetary impact shall result from these loans.*

9 ~~(b)~~

10 (c) This section shall become inoperative on July 1, ~~2008~~ 2011,
11 and, as of January 1, ~~2009~~ 2012, is repealed, unless a later enacted
12 statute, that is enacted before January 1, ~~2009~~ 2012, deletes or
13 extends the dates on which it becomes inoperative and is repealed.

14 SEC. 7. *Section 14556.8 of the Government Code is amended*
15 *to read:*

16 14556.8. (a) (1) To the extent necessary to provide adequate
17 cash to fund projected expenditures under this chapter, the Director
18 of Finance may authorize, by executive order, the transfer of not
19 more than one hundred million dollars (\$100,000,000), as an
20 interest free loan, from the Motor Vehicle Account in the State
21 Transportation Fund to the TCRF, and the transfer of any available
22 funds, as an interest free loan, from the General Fund to the TCRF.
23 Loans from the Motor Vehicle Account may be made no sooner
24 than July 1, 2004, and shall be repaid no later than July 1, 2007.
25 The Director of Finance shall not authorize a loan from the Motor
26 Vehicle Account, and shall promptly require the repayment of any
27 outstanding balance owed to that account, if the funds are needed
28 in the account to make expenditures authorized in the annual
29 Budget Act and by any other appropriations made by the
30 Legislature.

31 (2) To provide cash needed for expenditures on projects listed
32 in Section 14556.40, the Legislature may authorize loans from the
33 Public Transportation Account or the State Highway Account to
34 the TCRF through the annual Budget Act. The Legislature may
35 also authorize the State Highway Account to expend funds on
36 behalf of projects listed in Section 14556.40 and those expenditures
37 shall constitute a loan to the TCRF. Loans from the Public
38 Transportation Account shall not exceed a cumulative total of two
39 hundred eighty million dollars (\$280,000,000), and loans from the

1 State Highway Account shall not exceed a cumulative total of six
2 hundred fifty-four million dollars (\$654,000,000).

3 (b) The Director of Finance shall order the repayment of the
4 loans authorized under this section under those terms and
5 conditions that the director deems appropriate, upon determining
6 that there are adequate funds available for that purpose in the TCRF
7 and that repayment will not jeopardize the availability of money
8 needed to fund approved and projected expenditures under this
9 chapter. All loans from the Public Transportation Account and the
10 State Highway Account shall be repaid at the time the TCRF is
11 repaid pursuant to paragraph (2) of subdivision (c). Upon the
12 request of the commission or the Director of Finance, the
13 department shall provide a report, for purposes of this subdivision,
14 projecting the cash needs of the projects approved under this
15 chapter.

16 (c) (1) Money in the TCRF derived from the General Fund and
17 not currently needed for expenditures on the projects listed in
18 Section 14556.40 may be loaned to the General Fund through the
19 annual Budget Act.

20 (2) Upon making a determination that funds in the TCRF are
21 not adequate to support expected cash expenditures for the listed
22 projects, the Director of Finance, by executive order, shall require
23 that funds loaned to the General Fund under paragraph (1) be repaid
24 to the TCRF. All these loans shall be repaid upon the sale of bonds
25 authorized by Article 6.5 (commencing with Section 63048.6) of
26 Chapter 2 of Division 1 of Title 6.7. If the proceeds from those
27 bonds are insufficient to repay the funds loaned to the General
28 Fund under paragraph (1), the remaining amount of those loans
29 shall be repaid from future tribal gaming revenues, additional
30 securitizations against those revenues, or from the General Fund.

31 (3) Interest at the rate earned by the Surplus Money Investment
32 Fund shall be paid to the TCRF from the General Fund with respect
33 to the cumulative amount loaned from the State Highway Account
34 to the TCRF pursuant to paragraph (2) of subdivision (a) that is in
35 excess of one hundred eighty million dollars (\$180,000,000). The
36 amount of this interest obligation shall be calculated annually on
37 the balance of this portion of this outstanding loan amount. All
38 interest on the loan shall be paid in full at the time the TCRF is
39 repaid pursuant to paragraph (2), and the interest payment shall
40 be transferred from the TCRF to the State Highway Account.

(d) Funds loaned to the TCRF under this section shall be used for purposes consistent with any restrictions on uses of those funds imposed under the California Constitution or by statute. The department shall identify specific projects to which those funds may properly be applied and shall propose that application of funds to the commission. The commission shall designate projects to receive those funds through the processes described in Article 3 (commencing with Section 14556.10) and Article 4 (commencing with Section 14556.25). The department shall report periodically to the commission and the Department of Finance on the expenditure of those funds.

(e) As long as loan balances authorized by this section are outstanding, the Director of Transportation shall report to the commission the amounts of loans outstanding with respect to each fund or account as of the last business day of each quarter.

~~(e)~~

(f) This section shall become inoperative upon full repayment of loans authorized by this section, and shall be repealed on January 1 of the following year.

SEC. 8. Section 14556.85 is added to the Government Code, to read:

14556.85. (a) To the extent necessary to provide adequate cash to fund projected expenditures, the Director of Finance may authorize, by executive order, the transfer of not more than sixty million dollars (\$60,000,000), as an interest free loan, from the TCRF to the Public Transportation Account. The loan shall be repaid no later than July 1, 2011. The Director of Finance shall not authorize a loan from the TCRF, and shall promptly require the repayment of any outstanding balance, or portion thereof, owed to that account, to the extent funds are needed in the TCRF to make expenditures authorized in the annual Budget Act or by any other appropriations made by the Legislature.

(b) As long as loan balances authorized by this section are outstanding, the Director of Transportation shall report the amounts of loans outstanding as of the last business day of each quarter to the commission.

(c) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

1 *SEC. 9. Section 16965 of the Government Code is amended to*
2 *read:*

3 16965. (a) The Transportation Debt Service Fund is hereby
4 created in the State Treasury. Moneys in the fund shall, among
5 other things, as provided in this section, be dedicated to payment
6 of debt service on bonds including bonds issued pursuant to the
7 Clean Air and Transportation Improvement Act of 1990 (Part 11.5
8 (commencing with Section 99600) of Division 10 of the Public
9 Utilities Code), the Passenger Rail and Clean Air Bond Act of
10 1990 (Chapter 17 (commencing with Section 2700) of Division 3
11 of the Streets and Highways Code), and the Seismic Retrofit Bond
12 Act of 1996 (Chapter 12.48 (commencing with Section 8879) of
13 Division 1 of Title 2). If the moneys in the fund are insufficient to
14 pay the balance of the debt consistent with existing obligations,
15 the General Fund will be used to pay the balance of any debt
16 service.

17 (b) (1) From moneys transferred to the fund pursuant to
18 subdivision (b) of Section 7103 of the Revenue and Taxation Code,
19 the Director of Finance is hereby authorized to reimburse the
20 General Fund for up to three hundred thirty-nine million two
21 hundred eighty-nine thousand three hundred forty-five dollars
22 (\$339,289,345) for the purpose of offsetting the cost of debt service
23 payments made from the General Fund during the 2007–08 fiscal
24 year for public transportation-related general obligation bond
25 expenditures in the following amounts:

26 (A) Clean Air and Transportation Improvement Act of 1990,
27 one hundred twenty-three million nine hundred seventy-three
28 thousand four hundred ninety-three dollars (\$123,973,493).

29 (B) Passenger Rail and Clean Air Bond Act of 1990, seventy
30 million nine hundred eighty-three thousand three hundred
31 sixty-three dollars (\$70,983,363).

32 (C) Seismic Retrofit Bond Act of 1996, one hundred forty-four
33 million three hundred thirty-two thousand four hundred eighty-nine
34 dollars (\$144,332,489).

35 (2) From moneys transferred to the fund pursuant to subdivision
36 (b) of Section 7103 of the Revenue and Taxation Code, the Director
37 of Finance is hereby authorized to reimburse the General Fund in
38 the 2007–08 fiscal year for two hundred million dollars
39 (\$200,000,000) for the purpose of offsetting the cost of debt service

1 payments made in prior fiscal years from the General Fund for
2 public transportation-related general obligation bond expenditures.

3 *(c) From moneys transferred to the fund pursuant to subdivision*
4 *(c) of Section 7103 of the Revenue and Taxation Code, the Director*
5 *of Finance is hereby authorized to reimburse the General Fund*
6 *any amount necessary to offset the cost of debt service payments*
7 *made from the General Fund during any fiscal year for*
8 *transportation-related general obligation bond expenditures.*

9 *SEC. 10. Section 99312 of the Public Utilities Code is amended*
10 *to read:*

11 99312. ~~From the~~ *The funds transferred to the account pursuant*
12 *to Section 7102 of the Revenue and Taxation Code, the Legislature*
13 ~~*shall appropriate funds shall be made available for the following*~~
14 ~~*purposes:*~~

15 (a) To the department, 50 percent for purposes of Section 99315.

16 (b) To the Controller, 25 percent for allocation to transportation
17 planning agencies, county transportation commissions, and the
18 San Diego Metropolitan Transit Development Board pursuant to
19 Section 99314.

20 (c) To the Controller, 25 percent for allocation to transportation
21 agencies, county transportation commissions, and the San Diego
22 Metropolitan Transit Development Board for purposes of Section
23 99313.

24 (d) For the 2007–08 fiscal year, notwithstanding any other
25 provision of this section, or any other provision of law, the
26 allocations made pursuant to this section shall be adjusted as
27 follows:

28 (1) From the funds transferred to the account pursuant to
29 paragraph (1) of subdivision (a) of Section 7102 of the Revenue
30 and Taxation Code, fifty million dollars (\$50,000,000) *is hereby*
31 *appropriated to the Controller and* shall be allocated pursuant to
32 subdivision (b); fifty million dollars (\$50,000,000) *is hereby*
33 *appropriated to the Controller and* shall be allocated pursuant to
34 subdivision (c); and the remainder of revenue shall remain in the
35 Public Transportation Account to fund other state public
36 transportation priorities. The Controller shall make these allocations
37 in four equal quarterly amounts of twelve and one-half million
38 dollars (\$12,500,000), as achievable by the receipt of the specified
39 revenue.

(2) The amount appropriated in Item 2640-101-0046 of the Budget Act of 2006 for state transit assistance pursuant to subdivision (b) and (c) was greater than the amount of revenues received to support state transit assistance pursuant to Section 7102 of the Revenue and Taxation Code. Therefore, notwithstanding any other provision of law, the amount that would have otherwise been available for appropriation to state transit assistance in the 2007–08 fiscal year pursuant to paragraphs (2) and (3) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, shall be reduced by the excess amount that was appropriated to state transit assistance in the Budget Act of 2006, and that excess amount, as determined by the Department of Finance, shall instead remain in the Public Transportation Account to fund other state public transportation priorities. *The funding for state transit assistance as described in this paragraph is hereby appropriated to the Controller for allocation.* The Controller shall attempt to spread this adjustment equally over four quarterly payments, as achievable by revenue estimates.

(e) For the 2008–09 fiscal year and thereafter, notwithstanding any other provision of this section, or any other provision of law, ~~from the funds transferred to the account pursuant to paragraph (1) of subdivision (a) of Section 7102 of the Revenue and Taxation Code, the Legislature shall appropriate funds~~ *be made available* for the following purposes:

(1) To the department, 33.34 percent for purposes of Section 99315, *subject to appropriation by the Legislature.*

(2) To the Controller, 33.33 percent for allocation to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board pursuant to Section 99314. *These funds are hereby continuously appropriated for purposes of this paragraph.*

(3) To the Controller, 33.33 percent for the allocation to transportation agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for purposes of Section 99313. *These funds are hereby continuously appropriated for purposes of this paragraph.*

SEC. 11. Section 7102 of the Revenue and Taxation Code is amended to read:

7102. The money in the fund shall, upon order of the Controller, be drawn therefrom for refunds under this part, credits or refunds

1 pursuant to Section 60202, and refunds pursuant to Section 1793.25
2 of the Civil Code, or be transferred in the following manner:

3 (a) (1) All revenues, less refunds, derived under this part at the
4 $4\frac{3}{4}$ -percent rate, including the imposition of sales and use taxes
5 with respect to the sale, storage, use, or other consumption of motor
6 vehicle fuel which would not have been received if the sales and
7 use tax rate had been 5 percent and if motor vehicle fuel, as defined
8 for purposes of the Motor Vehicle Fuel License Tax Law (Part 2
9 (commencing with Section 7301)), had been exempt from sales
10 and use taxes, shall be estimated by the State Board of
11 Equalization, with the concurrence of the Department of Finance,
12 and shall be transferred quarterly to the Public Transportation
13 Account, a trust fund in the State Transportation Fund, except as
14 modified as follows:

15 (A) For the 2001–02 fiscal year, those transfers may not be more
16 than eighty-one million dollars (\$81,000,000) plus one-half of the
17 amount computed pursuant to this paragraph that exceeds
18 eighty-one million dollars (\$81,000,000).

19 (B) For the 2002–03 fiscal year, those transfers may not be more
20 than thirty-seven million dollars (\$37,000,000) plus one-half of
21 the amount computed pursuant to this paragraph that exceeds
22 thirty-seven million dollars (\$37,000,000).

23 (C) For the 2003–04 fiscal year, no transfers shall be made
24 pursuant to this paragraph, except that if the amount to be otherwise
25 transferred pursuant to this paragraph is in excess of eighty-seven
26 million four hundred fifty thousand dollars (\$87,450,000), then
27 the amount of that excess shall be transferred.

28 (D) For the 2004–05 fiscal year, no transfers shall be made
29 pursuant to this paragraph, and of the amount that would otherwise
30 have been transferred, one hundred forty million dollars
31 (\$140,000,000) shall instead be transferred to the Traffic
32 Congestion Relief Fund as partial repayment of amounts owed by
33 the General Fund pursuant to Item 2600-011-3007 of the Budget
34 Act of 2002 (Chapter 379 of the Statutes of 2002).

35 (E) For the 2005–06 fiscal year, no transfers shall be made
36 pursuant to this paragraph.

37 (F) For the 2006–07 fiscal year, the revenues estimated pursuant
38 to this paragraph shall, notwithstanding any other provision of this
39 paragraph or any other provision of law, be transferred and
40 allocated as follows:

1 (i) The first two hundred million dollars (\$200,000,000) shall
2 be transferred to the Transportation Deferred Investment Fund as
3 partial repayment of the amounts owed by the General Fund to
4 that fund pursuant to Section 7106.

5 (ii) The next one hundred twenty-five million dollars
6 (\$125,000,000) shall be transferred to the Bay Area Toll Account
7 for expenditure pursuant to Section 188.6 of the Streets and
8 Highways Code.

9 (iii) Of the remaining revenues, thirty-three million dollars
10 (\$33,000,000) shall be transferred to the Public Transportation
11 Account to support appropriations from that account in the Budget
12 Act of 2006.

13 (iv) The remaining revenues shall be transferred to the Public
14 Transportation Account for allocation as follows:

15 (I) Twenty percent to the Department of Transportation for
16 purposes of Section 99315 of the Public Utilities Code.

17 (II) Forty percent to the Controller, for allocation pursuant to
18 Section 99314 of the Public Utilities Code.

19 (III) Forty percent to the Controller, for allocation pursuant to
20 Section 99313 of the Public Utilities Code.

21 (G) For the 2007–08 fiscal year, the first one hundred fifty-five
22 million four hundred ninety-one thousand eight hundred
23 thirty-seven dollars (\$155,491,837) in revenue estimated pursuant
24 to this paragraph each quarter shall, notwithstanding any other
25 provision of this paragraph or any other provision of law, be
26 transferred quarterly to the Mass Transportation Fund. If revenue
27 in any quarter is less than that amount, the transfer in the
28 subsequent quarter or quarters shall be increased so that the total
29 transferred for the fiscal year is six hundred twenty-one million
30 nine hundred sixty-seven thousand three hundred forty-eight dollars
31 (\$621,967,348).

32 (H) For the 2008–09 fiscal year and every fiscal year thereafter,
33 50 percent of the revenue estimated pursuant to this paragraph
34 each quarter shall, notwithstanding any other provision of this
35 paragraph or any other provision of law, be transferred to the Mass
36 Transportation Fund. *Notwithstanding this requirement, for the*
37 *2008–09 fiscal year, the amount of two hundred thirty-four million*
38 *eight hundred fifty-two thousand dollars (\$234,852,000) each*
39 *quarter shall be transferred to the Mass Transportation Fund. If*
40 *revenue for any quarter is less than that amount, the transfer in*

1 *the subsequent quarter or quarters shall be increased so that the*
2 *total transfer for the fiscal year is nine hundred thirty-nine million*
3 *four hundred eight thousand dollars (\$939,408,000).*

4 (2) All revenues, less refunds, derived under this part at the
5 $4\frac{3}{4}$ -percent rate, resulting from increasing, after December 31,
6 1989, the rate of tax imposed pursuant to the Motor Vehicle Fuel
7 License Tax Law on motor vehicle fuel, as defined for purposes
8 of that law, shall be transferred quarterly to the Public
9 Transportation Account, a trust fund in the State Transportation
10 Fund.

11 (3) All revenues, less refunds, derived under this part at the
12 $4\frac{3}{4}$ -percent rate from the imposition of sales and use taxes on fuel,
13 as defined for purposes of the Use Fuel Tax Law (Part 3
14 (commencing with Section 8601)) and the Diesel Fuel Tax Law
15 (Part 31 (commencing with Section 60001)), shall be estimated
16 by the State Board of Equalization, with the concurrence of the
17 Department of Finance, and shall be transferred quarterly to the
18 Public Transportation Account, a trust fund in the State
19 Transportation Fund.

20 (4) All revenues, less refunds, derived under this part from the
21 taxes imposed pursuant to Sections 6051.2 and 6201.2 shall be
22 transferred to the Sales Tax Account of the Local Revenue Fund
23 for allocation to cities and counties as prescribed by statute.

24 (5) All revenues, less refunds, derived from the taxes imposed
25 pursuant to Section 35 of Article XIII of the California Constitution
26 shall be transferred to the Public Safety Account in the Local Public
27 Safety Fund created in Section 30051 of the Government Code
28 for allocation to counties as prescribed by statute.

29 (b) The balance shall be transferred to the General Fund.

30 (c) The estimates required by subdivision (a) shall be based on
31 taxable transactions occurring during a calendar year, and the
32 transfers required by subdivision (a) shall be made during the fiscal
33 year that commences during that same calendar year. Transfers
34 required by paragraphs (1), (2), and (3) of subdivision (a) shall be
35 estimated by the State Board of Equalization, with the concurrence
36 of the Department of Finance, and shall be made quarterly.

37 (d) Notwithstanding the designation of the Public Transportation
38 Account as a trust fund pursuant to subdivision (a), the Controller
39 may use the Public Transportation Account for loans to the General
40 Fund as provided in Sections 16310 and 16381 of the Government

1 Code. The loans shall be repaid with interest from the General
2 Fund at the Pooled Money Investment Account rate.

3 (e) The Legislature may amend this section, by statute passed
4 in each house of the Legislature by rollcall vote entered in the
5 journal, two-thirds of the membership concurring, if the statute is
6 consistent with, and furthers the purposes of this section.

7 *SEC. 12. Section 7103 of the Revenue and Taxation Code is*
8 *amended to read:*

9 7103. (a) The Mass Transportation Fund is hereby created in
10 the State Treasury. Upon appropriation by the Legislature, moneys
11 in the Mass Transportation Fund may be used for, but shall not
12 necessarily be limited to, the following transportation purposes:

13 (1) Payment of debt service on transportation bonds, or
14 reimbursement to the General Fund for past debt service payments
15 on transportation bonds.

16 (2) Funding of the Department of Developmental Services for
17 regional center transportation.

18 (3) Reimbursement to the General Fund for payments made by
19 the General Fund pursuant to subdivision (f) of Section 1 of Article
20 XIX B of the California Constitution.

21 (4) Funding of home-to-school transportation, pursuant to Article
22 10 (commencing with Section 41850) of Chapter 5 of Part 24 of
23 the Education Code, and Small School District Transportation,
24 pursuant to Article 4.5 (commencing with Section 42290) of
25 Chapter 7 of Part 24 of the Education Code.

26 (b) From moneys transferred to the fund pursuant to
27 subparagraph (G) of paragraph (1) of subdivision (a) of Section
28 7102 in the 2007–08 fiscal year, the sum of five hundred thirty-nine
29 million two hundred eighty-nine thousand three hundred forty-eight
30 dollars (\$539,289,348) shall be transferred to the Transportation
31 Debt Service Fund, and the sum of eighty-two million six hundred
32 seventy-eight thousand dollars (\$82,678,000) may be reimbursed
33 by the Director of Finance in the 2007–08 fiscal year for the
34 purpose of offsetting payments made by the General Fund pursuant
35 to subdivision (f) of Section 1 of Article XIX B of the California
36 Constitution.

37 (c) *From moneys transferred to the fund pursuant to*
38 *subparagraph (H) of paragraph (1) of subdivision (a) of Section*
39 *7102 in the 2008–09 fiscal year, the sum of eighty-two million six*
40 *hundred seventy-eight thousand dollars (\$82,678,000) may be*

1 *reimbursed by the Director of Finance for the purpose of offsetting*
2 *payments made by the General Fund pursuant to subdivision (f)*
3 *of Section 1 of Article XIX B of the California Constitution, and*
4 *the Director of Finance may transfer any funds remaining in the*
5 *fund after this reimbursement of the General Fund to the*
6 *Transportation Debt Service Fund.*

7 *SEC. 13. Section 7104 of the Revenue and Taxation Code is*
8 *amended to read:*

9 7104. (a) The Transportation Investment Fund (hereafter the
10 fund) is hereby created in the State Treasury. Notwithstanding
11 Section 13340 of the Government Code, the money in the fund is
12 continuously appropriated without regard to fiscal years for
13 disbursement in the manner and for the purposes set forth in this
14 section.

15 (b) All of the following shall occur on a quarterly basis:

16 (1) The State Board of Equalization, in consultation with the
17 Department of Finance, shall estimate the amount that is transferred
18 to the General Fund under subdivision (b) of Section 7102 that is
19 attributable to revenue collected for the sale, storage, use, or other
20 consumption in this state of motor vehicle fuel, as defined in
21 Section 7304.

22 (2) The State Board of Equalization shall inform the Controller,
23 in writing, of the amount estimated under paragraph (1).

24 (3) Commencing with the 2003–04 fiscal year, the Controller
25 shall transfer the amount estimated under paragraph (1) from the
26 General Fund to the fund.

27 (c) For each quarter during the period commencing on July 1,
28 2003, and ending on June 30, 2008, the Controller shall make all
29 of the following transfers and apportionments from the funds
30 identified for transfer under paragraph (2) of subdivision (b) in the
31 following order:

32 (1) To the Traffic Congestion Relief Fund created in the State
33 Treasury by Section 14556.5 of the Government Code, the sum
34 of one hundred sixty-nine million five hundred thousand dollars
35 (\$169,500,000), except that the transfer for the final quarter shall
36 be ninety-three million four hundred thousand dollars
37 (\$93,400,000), for a total transfer of three billion three hundred
38 thirteen million nine hundred thousand dollars (\$3,313,900,000).

39 (2) To the Public Transportation Account, a trust fund in the
40 State Transportation Fund, 20 percent of the amount remaining

1 after the transfer required under paragraph (1). Funds transferred
2 under this paragraph shall be ~~appropriated by the Legislature~~ *made*
3 *available* as follows:

4 (A) To the Department of Transportation, 50 percent for
5 purposes of subdivision (a) or (b) of Section 99315 of the Public
6 Utilities Code, *subject to appropriation by the Legislature*.

7 (B) To the Controller, 25 percent for allocation pursuant to
8 Section 99314 of the Public Utilities Code. Funds allocated under
9 this subparagraph shall be subject to all of the provisions governing
10 funds allocated under Section 99314 of the Public Utilities Code.
11 *For the 2007–08 fiscal year, these funds are continuously*
12 *appropriated to the Controller for purposes of this subparagraph.*

13 (C) To the Controller, 25 percent for allocation pursuant to
14 Section 99313 of the Public Utilities Code. Funds allocated under
15 this subparagraph shall be subject to all of the provisions governing
16 funds allocated under Section 99313 of the Public Utilities Code.
17 *For the 2007–08 fiscal year, these funds are continuously*
18 *appropriated to the Controller for purposes of this subparagraph.*

19 (3) To the Department of Transportation for expenditure for
20 programming for transportation capital improvement projects
21 subject to all of the provisions governing the State Transportation
22 Improvement Program, 40 percent of the amount remaining after
23 the transfer required under paragraph (1), except that in the
24 2006–07 and 2007–08 fiscal years, the transfer shall be 80 percent
25 of the amount remaining after the transfer required under paragraph
26 (1).

27 (4) To the Controller for apportionment to the counties,
28 including a city and county, 20 percent of the amount remaining
29 after the transfer required under paragraph (1), except that in the
30 2006–07 and 2007–08 fiscal years, no transfer may be made under
31 this paragraph. Funds transferred under this paragraph shall be
32 allocated in accordance with the following formulas:

33 (A) Seventy-five percent of the funds payable under this
34 paragraph shall be apportioned among the counties in the
35 proportion that the number of fee-paid and exempt vehicles that
36 are registered in the county bears to the number of fee-paid and
37 exempt vehicles registered in the state.

38 (B) Twenty-five percent of the funds payable under this
39 paragraph shall be apportioned among the counties in the
40 proportion that the number of miles of maintained county roads

1 in each county bears to the total number of miles of maintained
2 county roads in the state. For the purposes of apportioning funds
3 under this subparagraph, any roads within the boundaries of a city
4 and county that are not state highways shall be deemed to be county
5 roads.

6 (5) To the Controller for apportionment to cities, including a
7 city and county, 20 percent of the amount remaining after the
8 transfer required under paragraph (1), except that in the 2006–07
9 and 2007–08 fiscal years, no transfer may be made under this
10 paragraph. Funds transferred under this paragraph shall be
11 apportioned among the cities in the proportion that the total
12 population of the city bears to the total population of all the cities
13 in the state.

14 (d) Funds received under paragraph (4) or (5) of subdivision
15 (c) shall be deposited as follows in order to avoid the commingling
16 of those funds with other local funds:

17 (1) In the case of a city, into the city account that is designated
18 for the receipt of state funds allocated for transportation purposes.

19 (2) In the case of a county, into the county road fund.

20 (3) In the case of a city and county, into a local account that is
21 designated for the receipt of state funds allocated for transportation
22 purposes.

23 (e) Funds allocated to a city, county, or city and county under
24 paragraph (4) or (5) of subdivision (c) shall be used only for street
25 and highway maintenance, rehabilitation, reconstruction, and storm
26 damage repair. For purposes of this section, the following terms
27 have the following meanings:

28 (1) “Maintenance” means either or both of the following:

29 (A) Patching.

30 (B) Overlay and sealing.

31 (2) “Reconstruction” includes any overlay, sealing, or widening
32 of the roadway, if the widening is necessary to bring the roadway
33 width to the desirable minimum width consistent with the
34 geometric design criteria of the department for 3R (reconstruction,
35 resurfacing, and rehabilitation) projects that are not on a freeway,
36 but does not include widening for the purpose of increasing the
37 traffic capacity of a street or highway.

38 (3) “Storm damage repair” is repair or reconstruction of local
39 streets and highways and related drainage improvements that have
40 been damaged due to winter storms and flooding, and construction

1 of drainage improvements to mitigate future roadway flooding and
2 damage problems, in those jurisdictions that have been declared
3 disaster areas by the President of the United States, where the costs
4 of those repairs are ineligible for emergency funding with Federal
5 Emergency Relief (ER) funds or Federal Emergency Management
6 Administration (FEMA) funds.

7 (f) (1) Cities and counties shall maintain their existing
8 commitment of local funds for street and highway maintenance,
9 rehabilitation, reconstruction, and storm damage repair in order to
10 remain eligible for the allocation of funds pursuant to paragraph
11 (4) or (5) of subdivision (c).

12 (2) In order to receive any allocation pursuant to paragraph (4)
13 or (5) of subdivision (c), the city or county shall annually expend
14 from its general fund for street, road, and highway purposes an
15 amount not less than the annual average of its expenditures from
16 its general fund during the 1996–97, 1997–98, and 1998–99 fiscal
17 years, as reported to the Controller pursuant to Section 2151 of
18 the Streets and Highways Code. For purposes of this paragraph,
19 in calculating a city’s or county’s annual general fund expenditures
20 and its average general fund expenditures for the 1996–97,
21 1997–98, and 1998–99 fiscal years, any unrestricted funds that the
22 city or county may expend at its discretion, including vehicle
23 in-lieu tax revenues and revenues from fines and forfeitures,
24 expended for street and highway purposes shall be considered
25 expenditures from the general fund. One-time allocations that have
26 been expended for street and highway purposes, but which may
27 not be available on an ongoing basis, including revenue provided
28 under the Teeter Plan Bond Law of 1994 (Chapter 6.6
29 (commencing with Section 54773) of Part 1 of Division 2 of Title
30 5 of the Government Code, may not be considered when calculating
31 a city’s or county’s annual general fund expenditures.

32 (3) For any city incorporated after July 1, 1996, the Controller
33 shall calculate an annual average of expenditure for the period
34 between July 1, 1996, and December 31, 2000, that the city was
35 incorporated.

36 (4) For purposes of paragraph (2), the Controller may request
37 fiscal data from cities and counties in addition to data provided
38 pursuant to Section 2151, for the 1996–97, 1997–98, and 1998–99
39 fiscal years. Each city and county shall furnish the data to the
40 Controller not later than 120 days after receiving the request. The

1 Controller may withhold payment to cities and counties that do
2 not comply with the request for information or that provide
3 incomplete data.

4 (5) The Controller may perform audits to ensure compliance
5 with paragraph (2) when deemed necessary. Any city or county
6 that has not complied with paragraph (2) shall reimburse the state
7 for the funds it received during that fiscal year. Any funds withheld
8 or returned as a result of a failure to comply with paragraph (2)
9 shall be reallocated to the other counties and cities whose
10 expenditures are in compliance.

11 (6) If a city or county fails to comply with the requirements of
12 paragraph (2) in a particular fiscal year, the city or county may
13 expend during that fiscal year and the following fiscal year a total
14 amount that is not less than the total amount required to be
15 expended for those fiscal years for purposes of complying with
16 paragraph (2).

17 (7) The allocation made under paragraph (4) or (5) of
18 subdivision (c) shall be expended not later than the end of the fiscal
19 year following the fiscal year in which the allocation was made,
20 and any funds not expended within that period shall be returned
21 to the Controller and shall be reallocated to the other cities and
22 counties pursuant to the allocation formulas set forth in paragraph
23 (4) or (5) of subdivision (c).

24 (g) The Los Angeles County Metropolitan Transportation
25 Authority shall give first priority for using its share of the funds
26 made available under subparagraphs (B) and (C) of paragraph (2)
27 of subdivision (c) to providing the levels of bus service mandated
28 under the consent decree entered into by the authority on October
29 29, 1996, in the case of Labor/Community Strategy Center, et al.
30 v. Los Angeles County Metropolitan Transportation Authority.

31 (h) (1) For the purpose of allocating funds under paragraph (4)
32 or (5) of subdivision (c) to counties, cities, and a city and county,
33 the Controller shall use the most recent population estimates
34 prepared by the Demographic Research Unit of the Department
35 of Finance. For a city that incorporated after January 1, 1998, that
36 does not appear on the most recent population estimates prepared
37 by the Demographic Research Unit, the Controller shall use the
38 population determined for that city under Section 11005.3 of the
39 Revenue and Taxation Code.

1 (2) The amendments made to Section 11005.3 by the act adding
2 this paragraph shall not apply to a population determination under
3 paragraph (1).

4 (i) This section shall become inoperative on the date that all
5 encumbrances incurred for the projects funded under paragraph
6 (3) of subdivision (c) have been liquidated or on June 30, 2008,
7 whichever date is later, and as of the January 1 immediately
8 following that date is repealed.

9 *SEC. 14. Section 7104.2 of the Revenue and Taxation Code is*
10 *amended to read:*

11 7104.2. (a) The Transportation Investment Fund (hereafter
12 the fund) in the State Treasury is hereby continued in existence.
13 All revenues transferred to the fund pursuant to Article XIX B of
14 the California Constitution beginning with the 2008–09 fiscal year
15 shall be available for expenditure as provided in this section.
16 Notwithstanding Section 13340 of the Government Code or any
17 other provision of law, moneys in the fund are continuously
18 appropriated without regard to fiscal years for disbursement in the
19 manner and for the purposes set forth in this section.

20 (b) All of the following shall occur on a quarterly basis:

21 (1) The State Board of Equalization, in consultation with the
22 Department of Finance, shall estimate the amount that is transferred
23 to the General Fund under subdivision (b) of Section 7102 that is
24 attributable to revenue collected for the sale, storage, use, or other
25 consumption in this state of motor vehicle fuel, as defined in
26 Section 7304.

27 (2) The State Board of Equalization shall inform the Controller,
28 in writing, of the amount estimated under paragraph (1).

29 (3) Commencing with the 2008–09 fiscal year, the Controller
30 shall transfer the amount estimated under paragraph (1) from the
31 General Fund to the fund.

32 (c) For each quarter, commencing with the 2008–09 fiscal year,
33 the Controller shall make all of the following transfers and
34 apportionments from the fund:

35 (1) To the Public Transportation Account, a trust fund in the
36 State Transportation Fund, 20 percent of the revenues deposited
37 in the fund. Funds transferred under this paragraph shall be
38 ~~allocated~~ *made available* as follows:

1 (A) Twenty-five percent to the Department of Transportation
2 for purposes of subdivision (a) and (b) of Section 99315 of the
3 Public Utilities Code, *subject to appropriation by the Legislature.*

4 (B) Thirty-seven and one-half percent to the Controller, for
5 allocation pursuant to Section 99314 of the Public Utilities Code.
6 Funds allocated under this subparagraph shall be subject to all of
7 the provisions governing funds allocated under Section 99314 of
8 the Public Utilities Code. *These funds are continuously*
9 *appropriated to the Controller for purposes of this subparagraph.*

10 (C) Thirty-seven and one-half percent to the Controller, for
11 allocation pursuant to Section 99313 of the Public Utilities Code.
12 Funds allocated under this subparagraph shall be subject to all of
13 the provisions governing funds allocated under Section 99313 of
14 the Public Utilities Code. *These funds are continuously*
15 *appropriated to the Controller for purposes of this subparagraph.*

16 (2) To the Department of Transportation for expenditure for
17 transportation capital improvement projects subject to all of the
18 rules governing the State Transportation Improvement Program,
19 40 percent of the revenues deposited in the fund.

20 (3) To the Controller for apportionment pursuant to paragraphs
21 (A) and (B), 40 percent of the revenues deposited in the fund.

22 (A) Of the amount available under this paragraph, 50 percent
23 shall be apportioned by the Controller to the counties, including
24 a city and county, in accordance with the following formulas:

25 (i) Seventy-five percent of the funds payable under this
26 subparagraph shall be apportioned among the counties in the
27 proportion that the number of fee-paid and exempt vehicles that
28 are registered in the county bears to the number of fee-paid and
29 exempt vehicles registered in the state.

30 (ii) Twenty-five percent of the funds payable under this
31 subparagraph shall be apportioned among the counties in the
32 proportion that the number of miles of maintained county roads
33 in each county bears to the total number of miles of maintained
34 county roads in the state. For the purposes of apportioning funds
35 under this subparagraph, any roads within the boundaries of a city
36 and county that are not state highways shall be deemed to be county
37 roads.

38 (B) Of the amount available under this paragraph, 50 percent
39 shall be apportioned by the Controller to cities, including a city

1 and county, in the proportion that the total population of the city
2 bears to the total population of all the cities in the state.

3 (d) Funds received under subparagraph (A) or (B) of paragraph
4 (3) of subdivision (c) shall be deposited as follows in order to avoid
5 the commingling of those funds with other local funds:

6 (1) In the case of a city, into the city account that is designated
7 for the receipt of state funds allocated for transportation purposes.

8 (2) In the case of a county, into the county road fund.

9 (3) In the case of a city and county, into a local account that is
10 designated for the receipt of state funds allocated for transportation
11 purposes.

12 (e) Funds allocated to a city, county, or city and county under
13 subparagraph (A) or (B) of paragraph (3) of subdivision (c) shall
14 be used only for street and highway maintenance, rehabilitation,
15 reconstruction, and storm damage repair. For purposes of this
16 section, the following terms have the following meanings:

17 (1) "Maintenance" means either or both of the following:

18 (A) Patching.

19 (B) Overlay and sealing.

20 (2) "Reconstruction" includes any overlay, sealing, or widening
21 of the roadway, if the widening is necessary to bring the roadway
22 width to the desirable minimum width consistent with the
23 geometric design criteria of the department for 3R (reconstruction,
24 resurfacing, and rehabilitation) projects that are not on a freeway,
25 but does not include widening for the purpose of increasing the
26 traffic capacity of a street or highway.

27 (3) "Storm damage repair" is repair or reconstruction of local
28 streets and highways and related drainage improvements that have
29 been damaged due to winter storms and flooding, and construction
30 of drainage improvements to mitigate future roadway flooding and
31 damage problems, in those jurisdictions that have been declared
32 disaster areas by the President of the United States, where the costs
33 of those repairs are ineligible for emergency funding with Federal
34 Emergency Relief (ER) funds or Federal Emergency Management
35 Administration (FEMA) funds.

36 (f) (1) Cities and counties shall maintain their existing
37 commitment of local funds for street and highway maintenance,
38 rehabilitation, reconstruction, and storm damage repair in order to
39 remain eligible for the allocation of funds pursuant to subparagraph
40 (A) or (B) of paragraph (3) of subdivision (c).

(2) In order to receive any allocation pursuant to subparagraph (A) or (B) of paragraph (3) of subdivision (c), the city or county shall annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 1996–97, 1997–98, and 1998–99 fiscal years, as reported to the Controller pursuant to Section 2151 of the Streets and Highways Code. For purposes of this paragraph, in calculating a city’s or county’s annual general fund expenditures and its average general fund expenditures for the 1996–97, 1997–98, and 1998–99 fiscal years, any unrestricted funds that the city or county may expend at its discretion, including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for street and highway purposes shall be considered expenditures from the general fund. One-time allocations that have been expended for street and highway purposes, but which may not be available on an ongoing basis, including revenue provided under the Teeter Plan Bond Law of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1 of Division 2 of Title 5 of the Government Code, may not be considered when calculating a city’s or county’s annual general fund expenditures.

(3) For any city incorporated after July 1, 1996, the Controller shall calculate an annual average of expenditure for the period between July 1, 1996, and December 31, 2000, that the city was incorporated.

(4) For purposes of paragraph (2), the Controller may request fiscal data from cities and counties in addition to data provided pursuant to Section 2151, for the 1996–97, 1997–98, and 1998–99 fiscal years. Each city and county shall furnish the data to the Controller not later than 120 days after receiving the request. The Controller may withhold payment to cities and counties that do not comply with the request for information or that provide incomplete data.

(5) The Controller may perform audits to ensure compliance with paragraph (2) when deemed necessary. Any city or county that has not complied with paragraph (2) shall reimburse the state for the funds it received during that fiscal year. Any funds withheld or returned as a result of a failure to comply with paragraph (2) shall be reallocated to the other counties and cities whose expenditures are in compliance.

(6) If a city or county fails to comply with the requirements of paragraph (2) in a particular fiscal year, the city or county may expend during that fiscal year and the following fiscal year a total amount that is not less than the total amount required to be expended for those fiscal years for purposes of complying with paragraph (2).

(7) The allocation made under subparagraph (A) or (B) of paragraph (3) of subdivision (c) shall be expended not later than the end of the fiscal year following the fiscal year in which the allocation was made, and any funds not expended within that period shall be returned to the Controller and shall be reallocated to the other cities and counties pursuant to the allocation formulas set forth in subparagraph (A) or (B) of paragraph (3) of subdivision (c).

(g) For the purpose of allocating funds under subparagraph (A) or (B) of paragraph (3) of subdivision (c) to counties, cities, and a city and county, the Controller shall use the most recent population estimates prepared by the Demographic Research Unit of the Department of Finance. For a city that incorporated after January 1, 2008, that does not appear on the most recent population estimates prepared by the Demographic Research Unit, the Controller shall use the population determined for that city under Section 11005.3.

SEC. 15. Article 3.7 (commencing with Section 157) is added to Chapter 1 of Division 1 of the Streets and Highways Code, to read:

Article 3.7. Clean Renewable Energy Bonds for the Department of Transportation

157. It is the intent of the Legislature that the authority granted to the Department of Transportation under this act is restricted to the specific program for which funds are appropriated in Item 2660-306-0942 of the Budget Act of 2008, and that the amount of State Highway Account funds committed to this program shall be limited to the amount appropriated in Item 2660-306-0942 of the Budget Act of 2008.

157.1. The department, through the Treasurer and the California Alternative Energy and Advanced Transportation Financing Authority, may issue Clean Renewable Energy Bonds

1 *for purposes of financing the acquisition and installation of solar*
2 *energy systems, and related appurtenances thereto, at department*
3 *facilities. For purposes of this article, Clean Renewable Energy*
4 *Bonds are bonds issued subject to the conditions and terms of*
5 *Section 1303 of the federal Energy Tax Incentives Act of 2005*
6 *(P.L. 109-58; I.R.C. Sec. 54).*

7 *157.2. The net proceeds of bonds issued under this article shall*
8 *be deposited in the Clean Renewable Energy Bonds Subaccount,*
9 *which is hereby established as a special trust fund in the Special*
10 *Deposit Fund created pursuant to Section 16370 of the Government*
11 *Code.*

12 *157.4. (a) In conjunction with the issuance of bonds pursuant*
13 *to Section 157.1, the department may, until January 1, 2014, enter*
14 *into lease-purchase agreements, lease agreements, or similar*
15 *agreements with the California Alternative Energy and Advanced*
16 *Transportation Financing Authority to secure financial assistance*
17 *for the acquisition and installation of solar energy systems, and*
18 *to arrange for the payment of debt service on the Clean Renewable*
19 *Energy Bonds.*

20 *(b) The department may pledge the solar energy system property,*
21 *or any interest therein, that is acquired or installed pursuant to*
22 *this article as security for any payment in connection with the*
23 *acquisition, leasing, or financing of that property or interest,*
24 *subject to the purposes described in subdivision (a).*

25 *157.6. The solar energy systems funded pursuant to this article*
26 *may utilize, and shall comply with, either the net energy metering*
27 *program allowable under Section 2827 of the Public Utilities Code*
28 *or the feed-in-tariff program allowable under Section 399.20 of*
29 *the Public Utilities Code.*

30 *157.8. On or before March 1 of each fiscal year, and until*
31 *maturity of the bonds issued pursuant to this article, the department*
32 *shall report to the budget committees of each house of the*
33 *Legislature with regard to the issuance of bonds and the acquisition*
34 *and installation of solar energy systems under this article. The*
35 *report shall include, but not be limited to, the status of each facility*
36 *on which the department has installed solar energy systems; an*
37 *accounting of the costs for each solar energy system installed or*
38 *acquired by the department; a description of the energy savings*
39 *the department has achieved by acquiring or installing a solar*
40 *energy system or systems; and a review and analysis of the*

1 *expected cost savings at the time of issuance of the bonds versus*
2 *actual savings annually.*

3 *SEC. 16. Section 182.6 of the Streets and Highways Code is*
4 *amended to read:*

5 182.6. (a) Notwithstanding Sections 182 and 182.5, Sections
6 188, 188.8, and 825 do not apply to the expenditure of an amount
7 of federal funds equal to the amount of federal funds apportioned
8 to the state pursuant to that portion of subsection (b)(3) of Section
9 104, subsections (a) and (c) of Section 157, and subsection (d) of
10 Section 160 of Title 23 of the United States Code that is allocated
11 within the state subject to subsection (d)(3) of Section 133 of that
12 code. These funds shall be known as the regional surface
13 transportation program funds. The department, the transportation
14 planning agencies, the county transportation commissions, and the
15 metropolitan planning organizations may do all things necessary
16 in their jurisdictions to secure and expend those federal funds in
17 accordance with the intent of federal law and this chapter.

18 (b) The regional surface transportation program funds shall be
19 apportioned by the department to the metropolitan planning
20 organizations designated pursuant to Section 134 of Title 23 of
21 the United States Code and, in areas where none has been
22 designated, to the transportation planning agency designated
23 pursuant to Section 29532 of the Government Code. The funds
24 shall be apportioned in the manner and in accordance with the
25 formula set forth in subsection (d)(3) of Section 133 of Title 23
26 of the United States Code, except that the apportionment shall be
27 among all areas of the state. Funds apportioned under this
28 subdivision shall remain available for three federal fiscal years,
29 including the federal fiscal year apportioned.

30 (c) Where county transportation commissions have been created
31 by Division 12 (commencing with Section 130000) of the Public
32 Utilities Code, all regional surface transportation program funds
33 shall be further apportioned by the metropolitan planning
34 organization to the county transportation commission on the basis
35 of relative population.

36 In the Monterey Bay region, all regional surface transportation
37 program funds shall be further apportioned, on the basis of relative
38 population, by the metropolitan planning organization to the
39 regional transportation planning agencies designated under
40 subdivision (b) of Section 29532 of the Government Code.

1 (d) The applicable metropolitan planning organization, county
2 transportation commission, or transportation planning agency shall
3 annually apportion the regional surface transportation program
4 funds for projects in each county, as follows:

5 (1) An amount equal to the amount apportioned under the
6 federal-aid urban program in federal fiscal year 1990–91 adjusted
7 for population. The adjustment for population shall be based on
8 the population determined in the 1990 federal census except that
9 no county shall be apportioned less than 110 percent of the
10 apportionment received in the 1990–91 fiscal year. These funds
11 shall be apportioned for projects implemented by cities, counties,
12 and other transportation agencies on a fair and equitable basis
13 based upon an annually updated five-year average of allocations.
14 Projects shall be nominated by cities, counties, transit operators,
15 and other public transportation agencies through a process that
16 directly involves local government representatives.

17 (2) An amount not less than 110 percent of the amount that the
18 county was apportioned under the federal-aid secondary program
19 in federal fiscal year 1990–91, for use by that county.

20 (e) The department shall notify each metropolitan planning
21 organization, county transportation commission, and transportation
22 planning agency receiving an apportionment under this section,
23 as soon as possible each year, of the amount of obligation authority
24 estimated to be available for program purposes.

25 The metropolitan planning organization and transportation
26 planning agency, in cooperation with the department, congestion
27 management agencies, cities, counties, and affected transit
28 operators, shall select and program projects in conformance with
29 federal law. The metropolitan planning organization and
30 transportation planning agency shall submit its transportation
31 improvement program prepared pursuant to Section 134 of Title
32 23 of the United States Code to the department for incorporation
33 into the state transportation improvement program not later than
34 August 1 of each even-numbered year beginning in 1994.

35 (f) Not later than July 1 of each year, the metropolitan planning
36 organizations, and the regional transportation planning agencies,
37 receiving obligational authority under this article shall notify the
38 department of the projected amount of obligational authority that
39 each entity intends to use during the remainder of the current
40 federal fiscal year, including, but not limited to, a list of projects

1 that will be obligated by the end of the current federal fiscal year.
2 Any federal obligational authority that will not be used shall be
3 redistributed by the department to other projects in a manner that
4 ensures that the state will continue to compete for and receive
5 increased obligational authority during the federal redistribution
6 of obligational authority. If the department does not have sufficient
7 federal apportionments to fully use excess obligational authority,
8 the metropolitan planning organizations or regional transportation
9 planning agencies relinquishing obligational authority shall make
10 sufficient apportionments available to the department to fund
11 alternate projects, when practical, within the geographical areas
12 relinquishing the obligational authority. Notwithstanding this
13 subdivision, the department shall comply with subsections (d)(3)
14 and (f) of Section 133 of Title 23 of the United States Code.

15 (g) A regional transportation planning agency that is not
16 designated as, nor represented by, a metropolitan planning
17 organization with an urbanized area population greater than
18 200,000 pursuant to the 1990 federal census may exchange its
19 annual apportionment received pursuant to this section on a
20 dollar-for-dollar basis for nonfederal State Highway Account funds,
21 which shall be apportioned in accordance with subdivision (d).

22 (h) (1) If a regional transportation planning agency described
23 in subdivision (g) does not elect to exchange its annual
24 apportionment, a county located within the boundaries of that
25 regional transportation planning agency may elect to exchange its
26 annual apportionment received pursuant to paragraph (2) of
27 subdivision (d) for nonfederal State Highway Account funds.

28 (2) A county not included in a regional transportation planning
29 agency described in subdivision (g), whose apportionment pursuant
30 to paragraph (2) of subdivision (d) was less than 1 percent of the
31 total amount apportioned to all counties in the state, may exchange
32 its apportionment for nonfederal State Highway Account funds.
33 If the apportionment to the county was more than $3\frac{1}{2}$ percent of
34 the total apportioned to all counties in the state, it may exchange
35 that portion of its apportionment in excess of $3\frac{1}{2}$ percent for
36 nonfederal State Highway Account funds. Exchange funds received
37 by a county pursuant to this section may be used for any
38 transportation purpose.

39 (i) The department shall be responsible for closely monitoring
40 the use of federal transportation funds, including regional surface

1 transportation program funds to assure full and timely use. The
2 department shall prepare a quarterly report for submission to the
3 commission regarding the progress in use of all federal
4 transportation funds. The department shall notify the commission
5 and the appropriate implementation agency whenever there is a
6 failure to use federal funds within the three-year apportionment
7 period established under subdivision (b).

8 (j) The department shall provide written notice to implementing
9 agencies when there is one year remaining within the three-year
10 apportionment period established under subdivision (b) of this
11 section.

12 (k) Within six months of the date of notification required under
13 subdivision (j), the implementing agency shall provide to the
14 department a plan to obligate funds that includes, but need not be
15 limited to, a list of projects and milestones.

16 (l) If the implementing agency has not met the milestones
17 established in the implementation plan required under subdivision
18 (k), prior to the end of the three-year apportionment period
19 established under subdivision (b), the commission shall redirect
20 those funds for use on other transportation projects in the state.

21 (m) Notwithstanding subdivisions (g) and (h), regional surface
22 transportation program funds available under this section
23 exchanged pursuant to Section 182.8 may be loaned to and
24 expended by the department. The department shall repay from the
25 State Highway Account to the Traffic Congestion Relief Fund all
26 funds received as federal reimbursements for funds exchanged
27 under Section 182.8 as they are received from the Federal Highway
28 Administration, except that those repayments are not required to
29 be made more frequently than on a quarterly basis.

30 (n) *Prior to determining the amount for local subvention*
31 *required by this section, the department shall first deduct the*
32 *amount authorized by the Legislature for increased department*
33 *oversight of the federal subvented program.*

34 *SEC. 17. Section 182.7 of the Streets and Highways Code is*
35 *amended to read:*

36 182.7. (a) Notwithstanding Sections 182 and 182.5, Sections
37 188, 188.8, and 825 do not apply to the expenditure of an amount
38 of federal funds equal to the amount of federal funds apportioned
39 to the state pursuant to subsection (b)(2) of Section 104 of Title
40 23 of the United States Code. These funds shall be known as the

1 congestion mitigation and air quality program funds and shall be
2 expended in accordance with Section 149 of Title 23 of the United
3 States Code. The department, the transportation planning agencies,
4 and the metropolitan planning organizations may do all things
5 necessary in their jurisdictions to secure and expend those federal
6 funds in accordance with the intent of federal law and this chapter.

7 (b) The congestion mitigation and air quality program funds,
8 including any funds to which subsection (c) of Section 110 of Title
9 23 of the United States Code, as added by subdivision (a) of
10 Section 1310 of Public Law 105-178, applies, shall be apportioned
11 by the department to the metropolitan planning organizations
12 designated pursuant to Section 134 of Title 23 of the United States
13 Code and, in areas where none has been designated, to the
14 transportation planning agency established by Section 29532 of
15 the Government Code. The funds shall be apportioned to
16 metropolitan planning organizations and transportation planning
17 agencies responsible for air quality conformity determinations in
18 federally designated air quality nonattainment and maintenance
19 areas within the state in the manner and in accordance with the
20 formula set forth in subsection (b)(2) of Section 104 of Title 23
21 of the United States Code. Funds apportioned under this
22 subdivision shall remain available for three federal fiscal years,
23 including the federal fiscal year apportioned. Notwithstanding the
24 foregoing, the formula for distributing apportionments made to
25 metropolitan planning organizations and transportation planning
26 agencies eligible for funding according to subsection (b)(2) of
27 Section 104 of Title 23 of the United States Code shall, for the
28 2007 and 2008 federal fiscal years, provide apportionments for
29 the Monterey Bay and Santa Barbara regions such that each shall
30 receive 50 percent of its 2005 apportionment in federal fiscal year
31 2007 and 25 percent of its 2005 apportionment in federal fiscal
32 year 2008.

33 (c) Notwithstanding subdivision (b), where county transportation
34 commissions have been created by Division 12 (commencing with
35 Section 130000) of the Public Utilities Code, all congestion
36 mitigation and air quality program funds shall be further
37 apportioned by the metropolitan planning organization to the
38 county transportation commission on the basis of relative
39 population within the federally designated air quality nonattainment
40 and maintenance areas after first apportioning to the nonattainment

1 and maintenance areas in the manner and in accordance with the
2 formula set forth in subsection (b)(2) of Section 104 of Title 23
3 of the United States Code.

4 In the Monterey Bay region, all congestion mitigation and air
5 quality improvement program funds shall be further apportioned,
6 on the basis of relative population, by the metropolitan planning
7 organization to the regional transportation planning agencies
8 designated under subdivision (b) of Section 29532 of the
9 Government Code.

10 (d) The department shall notify each metropolitan planning
11 organization, transportation planning agency, and county
12 transportation commission receiving an apportionment under this
13 section, as soon as possible each year, of the amount of obligational
14 authority estimated to be available for expenditure from the federal
15 apportionment. The metropolitan planning organizations,
16 transportation planning agencies, and county transportation
17 commissions, in cooperation with the department, congestion
18 management agencies, cities and counties, and affected transit
19 operators, shall select and program projects in conformance with
20 federal law. Each metropolitan planning organization and
21 transportation planning agency shall, not later than August 1 of
22 each even-numbered year beginning in 1994, submit its
23 transportation improvement program prepared pursuant to Section
24 134 of Title 23 of the United States Code to the department for
25 incorporation into the state transportation improvement program.

26 (e) Not later than July 1 of each year, the metropolitan planning
27 organizations and the regional transportation planning agencies
28 receiving obligational authority under this section, shall notify the
29 department of the projected amount of obligational authority that
30 each entity intends to use during the remainder of the current
31 federal fiscal year, including, but not limited to, a list of projects
32 that will use the obligational authority. Any federal obligational
33 authority that will not be used shall be redistributed by the
34 department to other projects in a manner that ensures that the state
35 will continue to compete for and receive increased obligational
36 authority during the federal redistribution of obligational authority.
37 If the department does not have sufficient federal apportionments
38 to fully use excess obligational authority, the metropolitan planning
39 organization or transportation planning agency relinquishing
40 obligational authority shall make sufficient apportionments

1 available to the department to fund alternate projects, when
2 practical, within the geographical areas relinquishing the
3 obligational authority. Notwithstanding this subdivision, the
4 department shall comply with subsection (f) of Section 133 of Title
5 23 of the United States Code.

6 (f) The department shall be responsible for closely monitoring
7 the use of federal transportation funds, including congestion
8 management and air quality funds to assure full and timely use.
9 The department shall prepare a quarterly report for submission to
10 the commission regarding the progress in use of all federal
11 transportation funds. The department shall notify the commission
12 and the appropriate implementation agency whenever there is a
13 failure to use federal funds within the three-year apportionment
14 period established under subdivision (b).

15 (g) The department shall provide written notice to implementing
16 agencies when there is one year remaining within the three-year
17 apportionment period established under subdivision (b).

18 (h) Within six months of the date of notification required under
19 subdivision (g), the implementing agency shall provide to the
20 department a plan to obligate funds that includes, but need not be
21 limited to, a list of projects and milestones.

22 (i) If the implementing agency has not met the milestones
23 established in the implementation plan required under subdivision
24 (h), prior to the end of the three-year apportionment period
25 established under subdivision (b), the commission shall redirect
26 those funds for use on other transportation projects in the state.

27 (j) Congestion mitigation and air quality program funds available
28 under this section exchanged pursuant to Section 182.8 may be
29 loaned to and expended by the department. The department shall
30 repay from the State Highway Account to the Traffic Congestion
31 Relief Fund all funds received as federal reimbursements for funds
32 exchanged under Section 182.8 as they are received from the
33 Federal Highway Administration, except that those repayments
34 are not required to be made more frequently than on a quarterly
35 basis.

36 (k) *Prior to determining the amount for local subvention*
37 *required by this section, the department shall first deduct the*
38 *amount authorized by the Legislature for increased department*
39 *oversight of the federal subvented program.*

40 SEC. 18. Section 1678 of the Vehicle Code is amended to read:

1 1678. (a) Between January 1, 2004, and December 31, 2004,
2 inclusive, the fee amounts set forth in Section 488.385 of the Code
3 of Civil Procedure, Section 10902 of the Revenue and Taxation
4 Code, and Sections 4604, 5014, 5036, 6700.25, 9102.5, 9250.8,
5 9250.13, 9252, 9254, 9258, 9261, 9265, 9702, 11515, 11515.2,
6 12814.5, 14900, 14900.1, 14901, 14902, 38121, 38225.4, 38225.5,
7 38232, 38255, 38260, and 38265 shall be the base fee amounts
8 charged by the department.

9 (b) On January 1, 2005, and every January 1 thereafter, the
10 department shall adjust the fees imposed under the sections listed
11 in subdivision (a) by increasing each fee in an amount equal to the
12 increase in the California Consumer Price Index for the prior year,
13 as calculated by the Department of Finance, with amounts equal
14 to or greater than fifty cents (\$0.50) rounded to the next highest
15 whole dollar.

16 (c) *Any increases to the fees imposed under the sections listed*
17 *in subdivision (a) that are enacted by legislation subsequent to*
18 *January 1, 2005, shall be deemed to be changes to the base fee*
19 *for purposes of the calculation performed pursuant to subdivision*
20 *(b).*

21 *SEC. 19. Section 9250.13 of the Vehicle Code is amended to*
22 *read:*

23 9250.13. (a) (1) In addition to any other fees specified in this
24 code and the Revenue and Taxation Code, a fee of ~~six dollars (\$6)~~
25 *eighteen dollars (\$18)* shall be paid at the time of registration or
26 renewal of registration of every vehicle, except vehicles described
27 in subdivision (a) of Section 5014.1, subject to registration under
28 this code, except those vehicles that are expressly exempted under
29 this code from the payment of registration fees.

30 (2) In addition to the fee required under paragraph (1), upon the
31 implementation of the permanent trailer identification plate
32 program, and as part of the Commercial Vehicle Registration Act
33 of 2001 (Chapter 861 of the Statutes of 2000), all commercial
34 motor vehicles subject to Section 9400.1 shall pay a fee of six
35 dollars (\$6).

36 (b) The money realized pursuant to this section shall be
37 available, upon appropriation by the Legislature, for expenditure
38 to offset the costs of increasing the uniformed field strength of the
39 Department of the California Highway Patrol beyond its 1994
40 staffing level and those costs associated with maintaining this new

1 level of uniformed field strength and carrying out those duties
2 specified in subdivision (a) of Section 830.2 of the Penal Code.

3 *SEC. 20. Section 9553.5 of the Vehicle Code is amended to*
4 *read:*

5 9553.5. (a) Whenever ~~the total registration, weight, and vehicle~~
6 ~~license~~ fees have not been paid in full for an application for
7 registration of vehicles registered pursuant to Article 4
8 (commencing with Section 8050) of Chapter 4, the registrant shall
9 have 20 days from the date of notice by the department to pay the
10 balance of the fees due.

11 (b) Failure to pay the balance of the fees due within 20 days
12 shall subject the application to penalties, as defined in Sections
13 9554 and 9554.5, on the unpaid portion of the California fees due.

14 *SEC. 21. Section 9553.7 is added to the Vehicle Code, to read:*

15 9553.7. *The penalty for delinquency with respect to any transfer*
16 *is fifteen dollars (\$15) and applies only to the last transfer.*

17 *SEC. 22. Section 9554 of the Vehicle Code is amended to read:*

18 9554. (a) (1) The penalty shall be computed as provided in
19 Sections 9406 and 9559 and shall be collected with the fee, except
20 that the penalty for delinquency with respect to any transfer is
21 fifteen dollars (\$15) and applies only to the last transfer.

22 (2) A penalty shall be added on any application for renewal of
23 registration made later than midnight of the date of expiration or
24 on or after the date penalties become due. The penalty shall be
25 computed after the registration and weight fees have been combined
26 with the license fee specified in Section 10751 of the Revenue and
27 Taxation Code, as follows:

28 (A) For a delinquency period of 10 days or less, the penalty is
29 10 percent of the fee.

30 (B) For a delinquency period of more than 10 days to and
31 including 30 days, the penalty is 20 percent of the fee.

32 (C) For a delinquency period of more than 30 days to and
33 including one year, the penalty is 60 percent of the fee.

34 (D) For a delinquency period of more than one year to and
35 including two years, the penalty is 80 percent of the fee.

36 (E) For a delinquency period of more than two years, the penalty
37 is 160 percent of the fee.

38 (3) This subdivision applies to the renewal of registration for
39 vehicles with expiration dates on or before December 31, 2002.

(b) Penalties specified in paragraphs (1), (2), and (3) of this subdivision shall be computed as provided in Section 9559 and shall be collected with the fee, except that the penalty for delinquency with respect to any transfer is fifteen dollars (\$15) and applies only to the last transfer. A penalty shall be added on any application for a renewal of registration made later than midnight of the date of expiration or on or after the date penalties become due.

(1) (A) For a delinquency period of 10 days or less, the penalty is ten dollars (\$10).

(B) For a delinquency period of more than 10 days, to and including 30 days, the penalty is fifteen dollars (\$15).

(C) For a delinquency period of more than 30 days, to and including one year, the penalty is thirty dollars (\$30).

(D) For a delinquency period of more than one year, to and including two years, the penalty is fifty dollars (\$50).

(E) For a delinquency period of more than two years, the penalty is one hundred dollars (\$100).

(2) The penalty on the weight fee and the vehicle license fee shall be computed after the weight fee as provided in Section 9400 or 9400.1 plus the vehicle license fee specified in Section 10751 of the Revenue and Taxation Code have been added together as follows:

(A) For a delinquency period of 10 days or less, the penalty is 10 percent of the fee.

(B) For a delinquency period exceeding 10 days, to and including 30 days, the penalty is 20 percent of the fee.

(C) For a delinquency period of more than 30 days, to and including one year, the penalty is 60 percent of the fee.

(D) For a delinquency period of more than one year, to and including two years, the penalty is 80 percent of the fee.

(E) For a delinquency period of more than two years, the penalty is 160 percent of the fee.

(3) Weight fees not reported and not paid within 20 days, as required by Section 9406, shall be assessed a penalty on the difference in the weight fee, as follows:

(A) For a delinquency period of 10 days or less, the penalty is 10 percent of the fee.

(B) For a delinquency period exceeding 10 days, to and including 30 days, the penalty is 20 percent of the fee.

1 (C) For a delinquency period of more than 30 days, to and
2 including one year, the penalty is 60 percent of the fee.

3 (D) For a delinquency period of more than one year, to and
4 including two years, the penalty is 80 percent of the fee.

5 (E) For a delinquency period of more than two years, the penalty
6 is 160 percent of the fee.

7 (4) This subdivision applies to the renewal of registration for
8 vehicles with expiration dates on or after January 1, 2003, *but*
9 *before December 1, 2008.*

10 (c) *This section shall remain in effect only until January 1, 2009,*
11 *and as of that date is repealed, unless a later enacted statute, that*
12 *is enacted before January 1, 2009, deletes or extends that date.*

13 SEC. 23. Section 9554 is added to the Vehicle Code, to read:

14 9554. (a) A penalty shall be added on any application for
15 renewal of registration made later than midnight of the date of
16 expiration or on or after the date penalties become due. Penalties
17 shall be computed as provided in Section 9559 and shall be
18 collected with the fee.

19 (b) The penalty assessment for the delinquent payment of the
20 registration fee specified in Section 9250 shall be as follows:

21 (1) Ten dollars (\$10) for a delinquency period of 10 days or
22 less.

23 (2) Fifteen dollars (\$15) for a delinquency period of more than
24 10 days, to and including 30 days.

25 (3) Thirty dollars (\$30) for a delinquency period of more than
26 30 days, to and including one year.

27 (4) Fifty dollars (\$50) for a delinquency period of more than
28 one year, to and including two years.

29 (5) One hundred dollars (\$100) for a delinquency period of
30 more than two years.

31 (c) The penalty assessment for the delinquent payment of the
32 weight fee specified in Section 9400 or 9400.1 and the vehicle
33 license fee as specified in Section 10751 of the Revenue and
34 Taxation Code shall be as follows:

35 (1) Ten percent of the vehicle license fee, or the combined
36 amount of the vehicle license fee and the weight fee if the vehicle
37 is subject to both fees, for a delinquency period of 10 days or less.

38 (2) Twenty percent of the vehicle license fee, or the combined
39 amount of the vehicle license fee and the weight fee if the vehicle

1 *is subject to both fees, for a delinquency period of more than 10*
2 *days, to and including 30 days.*

3 *(3) Sixty percent of the vehicle license fee, or the combined*
4 *amount of the vehicle license fee and the weight fee if the vehicle*
5 *is subject to both fees, for a delinquency period of more than 30*
6 *days, to and including one year.*

7 *(4) Eighty percent of the vehicle license fee, or the combined*
8 *amount of the vehicle license fee and the weight fee if the vehicle*
9 *is subject to both fees, for a delinquency period of more than one*
10 *year, to and including two years.*

11 *(5) One hundred sixty percent of the vehicle license fee, or the*
12 *combined amount of the vehicle license fee and the weight fee if*
13 *the vehicle is subject to both fees, for a delinquency period of more*
14 *than two years.*

15 *(d) On or after January 1, 2003, a penalty assessment for weight*
16 *fees not reported and not paid within 20 days as required by*
17 *Section 9406 shall be applied to the difference in the weight fee*
18 *as follows:*

19 *(1) Ten percent of the fee for a delinquency period of 10 days*
20 *or less.*

21 *(2) Twenty percent of the fee for a delinquency period more*
22 *than 10 days, to and including 30 days.*

23 *(3) Sixty percent of the fee for a delinquency period more than*
24 *30 days, to and including one year.*

25 *(4) Eighty percent of the fee for a delinquency period more than*
26 *one year, to and including two years.*

27 *(5) One hundred sixty percent for a delinquency period more*
28 *than two years.*

29 *(e) A single penalty assessment for the delinquent payment of*
30 *the fees specified in Sections 9250.8 and 9250.13 shall be as*
31 *follows:*

32 *(1) Ten dollars (\$10) for a delinquency period of 10 days or*
33 *less.*

34 *(2) Fifteen dollars (\$15) for a delinquency period of more than*
35 *10 days, to and including 30 days.*

36 *(3) Thirty dollars (\$30) for a delinquency period of more than*
37 *30 days, to and including one year.*

38 *(4) Fifty dollars (\$50) for a delinquency period of more than*
39 *one year, to and including two years.*

1 (5) *One hundred dollars (\$100) for a delinquency period of*
2 *more than two years.*

3 (6) *This subdivision applies to the renewal of registration for*
4 *vehicles with expiration dates on or after December 1, 2008.*

5 (f) *This section shall become operative January 1, 2009.*

6 SEC. 24. *Section 9554.5 of the Vehicle Code is amended to*
7 *read:*

8 9554.5. (a) A penalty shall be added on any application for
9 original registration made later than midnight of the date of
10 expiration or on or after the date penalties become due. The penalty
11 shall be computed after the registration and weight fees have been
12 combined with the license fee specified in Section 10751 of the
13 Revenue and Taxation Code, as follows:

14 (1) For a delinquency period of one year or less, the penalty is
15 40 percent of the fee.

16 (2) For a delinquency period of more than one year to and
17 including two years, the penalty is 80 percent of the fee.

18 (3) For a delinquency period of more than two years, the penalty
19 is 160 percent of the fee.

20 (4) This subdivision applies to applications for an original
21 registration where the date for which fees are due is on or before
22 December 31, 2002.

23 (b) The penalties specified in paragraphs (1) and (2) shall be
24 added to any delinquent application for original registration made
25 on or after the date penalties become due.

26 (1) The penalty for the registration fee provided in Section 9250
27 is as follows:

28 (A) For a delinquency period of one year or less, the penalty is
29 thirty dollars (\$30).

30 (B) For a delinquency period of more than one year, to and
31 including two years, the penalty is fifty dollars (\$50).

32 (C) For a delinquency period of more than two years, the penalty
33 is one hundred dollars (\$100).

34 (2) The penalty on the weight fee and vehicle license fee shall
35 be computed after the weight fee as provided in Section 9400 or
36 9400.1 plus the vehicle license fee specified in Section 10751 of
37 the Revenue and Taxation Code have been added together, as
38 follows:

39 (A) For a delinquency period of one year or less, the penalty is
40 40 percent of the fee.

1 (B) For a delinquency period of more than one year, to and
2 including two years, the penalty is 80 percent of the fee.

3 (C) For a delinquency period of more than two years, the penalty
4 is 160 percent of the fee.

5 (3) This subdivision shall apply to original registrations where
6 the date the fee is due is on or after January 1, 2003, *but before*
7 *December 1, 2008.*

8 (c) *This section shall remain in effect only until January 1, 2009,*
9 *and as of that date is repealed, unless a later enacted statute, that*
10 *is enacted before January 1, 2009, deletes or extends that date.*

11 SEC. 25. Section 9554.5 is added to the Vehicle Code, to read:

12 9554.5. (a) *On and after January 1, 2003, a penalty shall be*
13 *added on any application for original registration made later than*
14 *midnight of the date of expiration or on or after the date penalties*
15 *become due. Penalties shall be computed as provided in Section*
16 *9559 and shall be collected with the fee.*

17 (b) *The penalty assessment for the delinquent payment of the*
18 *registration fee specified in Section 9250 shall be as follows:*

19 (1) *Thirty dollars (\$30) for a delinquency period of one year or*
20 *less.*

21 (2) *Fifty dollars (\$50) for a delinquency period of more than*
22 *one year, to and including two years.*

23 (3) *One hundred dollars (\$100) for a delinquency period of*
24 *more than two years.*

25 (c) *The penalty assessment for the delinquent payment of the*
26 *weight fee specified in Section 9400 or 9400.1 and the vehicle*
27 *license fee as specified in Section 10751 of the Revenue and*
28 *Taxation Code shall be as follows:*

29 (1) *Forty percent of the vehicle license fee, or the combined*
30 *amount of the vehicle license fee and the weight fee if the vehicle*
31 *is subject to both fees, for a delinquency period of one year or less.*

32 (2) *Eighty percent of the vehicle license fee, or the combined*
33 *amount of the vehicle license fee and the weight fee if the vehicle*
34 *is subject to both fees, for a delinquency period of more than one*
35 *year, to and including two years.*

36 (3) *One hundred sixty percent of the vehicle license fee, or the*
37 *combined amount of the vehicle license fee and the weight fee if*
38 *the vehicle is subject to both fees, for a delinquency period of more*
39 *than two years.*

1 (d) A single penalty assessment for the delinquent payment of
2 the fees specified in Sections 9250.8 and 9250.13 shall be as
3 follows:

4 (1) Thirty dollars (\$30) for a delinquency period of one year or
5 less.

6 (2) Fifty dollars (\$50) for a delinquency period of more than
7 one year, to and including two years.

8 (3) One hundred dollars (\$100) for a delinquency period of
9 more than two years.

10 (4) This subdivision shall apply to applications for an original
11 registration where the date the fee is due is on or after December
12 1, 2008.

13 (e) This section shall become operative January 1, 2009.

14 SEC. 26. This act is an urgency statute necessary for the
15 immediate preservation of the public peace, health, or safety within
16 the meaning of Article IV of the Constitution and shall go into
17 immediate effect. The facts constituting the necessity are:

18 In order to make statutory changes relative to provisions
19 governing transportation funds to implement the Budget Act of
20 2008, it is necessary that this act take effect immediately.

21
22
23 **All matter omitted in this version of the bill**
24 **appears in the bill as amended in the**
25 **Senate, June 19, 2008. (JR11)**
26